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executive summary

1.0 Executive summary

This is our sixth annual *Business plan* and it describes the aims and objectives of the NHS Purchasing and Supply Agency (NHS PASA) for 2005/6. It has been agreed with the Commercial Directorate of the Department of Health (DH).

“The Agency’s aim is to modernise and improve the performance of the NHS purchasing and supply system and become the centre of expertise, knowledge and excellence on matters of purchasing and supply for the NHS for the benefit of patients and the public.”

The strategic context for our work programme for the coming year has largely been informed by three factors: The NHS PASA Corporate plan 2003/6, the DH Arm’s Length Bodies (ALB) review and the Supply Chain Excellence Programme SCEP.

In partnership with the Commercial Directorate, and working with external consultants, we have undertaken a strategic analysis of the sector within which we operate and identified the challenges that face us. We have examined our structure and concluded that a reconfigured organisation would more effectively enable us to deliver our future work programme.

1 April 2005 saw the introduction of a new structure, including new directorates and redesigned work processes. Significant changes have been:

- restructured category teams, with greater focus on subject matter expertise, supplier and end customer management to ensure innovation, contract uptake, compliance, realised savings and support to collaborative procurement hubs (CPH)
- introduction of a new, central procurement enablement directorate to maximise deeper expertise and flexible staffing and ensure ongoing benefit tracking and support to CPHs
- expansion of policy and innovation roles to help drive the DH’s agendas
- introduction of a new NHS development directorate to ensure the successful delivery of CPHs and continued development of confederations.

The new organisation must undertake a stronger and more focused national role in all areas critical to the delivery of NHS purchasing and supplies and be responsive to the changing NHS environment and flexible enough in order to efficiently take on additional roles arising from further transfers of functions to the Agency as part of the ALB review.

NHS PASA has also made fundamental changes to its resource profile to ensure adequate skills and experience are mission aligned.

- NHS PASA has refocused an increased level of resource on procurement and procurement support operations (75% versus the current 68%), whilst maintaining a steady headcount of 340.8 FTEs.

- NHS PASA has upgraded the skills of and demands on its procurement and procurement support staff, introducing approximately 25 additional IP3 and IP4 roles in excess of the previous structure.
- NHS PASA has upgraded the skills of and demands on its senior management team, introducing four additional senior civil service roles against the previous structure.

The Agency will contribute to over £250 million in savings on NHS influenced spend in the three year period to 2007/8, making the Agency one of the largest contributors in the Department to the government's efficiency drive.

- The Agency's new focus and organisation will help deliver the savings identified through the new national framework agreements. A significant change from past operations will be the heavy investment by the Agency in driving contract uptake and compliance. Historically, success was defined by savings achieved against contracts. Going forward, success will be partially defined by savings actually realised through end-customer usage of the contracts. In this regard, the Agency's transformation will be instrumental to the realisation of the anticipated £250 million savings on NHS influenced spend for 2004/7.
- Similar to the Agency's role in delivering national savings, the Agency will be fundamental in supporting the new regional procurement hubs deliver against their savings targets of £270 million.
- The Agency will play an important role in enabling certain ALB review programme savings. By absorbing critical components of decommissioned and/or merged other ALBs, the Agency will be enabling the programme to realise significant savings while continuing to deliver key services.
- The Agency itself, through critical review and active cost reduction measures, will drive an approximate £1.6 million out of its 2005/6 non-pay expenditure budget, representing a saving of 20% against the 2004/5 estimated outturn.

achievements

2.0 Achievements 2004/5

Target		Measurement	Achievement
1	Savings	Achieve at least 7% of the total value of the Agency's contract portfolio – outside of the wave 1 sourcing groups	savings % returned on contracts was 9.31% Savings value was £339 million
2	Modernising supply	Establishment of supply management confederations to increase from 82% to 100% of NHS trusts Encourage confederations to move through their maturity levels. 50% of confederations existing at 01/04/04 to meet level 4 (<i>level 4 – fully resourced business case and structure agreed: initial steps being made in achieving benefits through work plan and project stream activities</i>)	96% of NHS trusts were in supply management confederations. Six trusts will be unable to join confederations until April 2005 due to outsourced contractual obligations 52% of confederations were at level 4
3	eProcurement	eSystems – four common data elements – supplier name, contract title, contract reference, e-class coding – to be integrated into the Agency's four major systems (CIMS, NCIS, NHS-sid, NHS-eCat) eTenders – 100% of Agency's tenders to be transacted via an eTendering system eAuctions – 100% of identified Agency contracts to be processed via an eAuction process – following a review of the Agency's work plan to establish those appropriate NHS contract information system (NHS-cis) – 100% population of confederation/trust contract information NHS-eCat – 100% of Agency contracts to be accessible via NHS-eCat portal	Target achieved Target achieved Target achieved Not achieved Target achieved

	Target	Measurement	Achievement
		NHS-sid – 100% of the Agency's contracted suppliers to have published pre-qualification information and 100% of the top suppliers to confederations to have published pre-qualification information	Target achieved
4	Raising levels of professionalism	<p>Deliver 2000 places of off job training and continuing professional development for NHS staff with procurement responsibilities</p> <p>Maintain a minimum of 75% of Agency staff, at buyer level or above, having or working towards an appropriate professional qualification</p> <p>Deliver the following management tools to help NHS procurement managers raise levels of professionalism within their teams – <i>tailored trust competency framework/role profiles/training needs analysis toolkit/training and development strategy guidance</i></p>	<p>2,075 training places delivered to NHS staff April-March 2005</p> <p>80% of staff at buyer level have or are working towards an appropriate professional qualification</p> <p>An IT based competence framework and role profiling tool is now available to all NHS procurement managers via the Agency website. This can also be used as a basis for training needs analysis</p> <p>Work was completed to determine the range of core training modules and delivery responsibility</p>
5	Internal efficiencies	<p>Savings – ratio of purchasing to support staff/savings per employee (total)/savings per employee (purchasing staff)/institute a system for measuring the above, with the aim of continuous improvement</p> <p>Purchasing Excellence Model (PEM) – achieve 10% improvement in the total weighted score over the 2003/4 result</p>	<p>Ratio of purchasing to support staff increased from 67:33 to 68:32. Total savings per employee increased from £867,953 to £1,028,728. Savings per purchasing employee increased from £1,301,929 to £1,516,867</p> <p>Purchasing Excellence Model – an increase of 5% over last year's weighted score was achieved</p>

	Target	Measurement	Achievement
		<p>Sickness – reduce uncertified days absence by 5% to an average 5.9 days per person</p> <p>Sustainable development – meet all targets set under the <i>Framework for Sustainable Development on the Government Estate</i></p>	<p>Sickness rates – an average of 5.6 days per person was achieved</p> <p>26 of 28 applicable targets achieved or on target to be achieved by year end</p>
6	Supplier management strategy	<p>Devise and publish a strategy on behalf of the Agency and NHS, to include:</p> <ul style="list-style-type: none"> segmentation of suppliers risk assessment of key markets contract management monitoring of performance improved expenditure data eProcurement encouraging small businesses innovation reducing bureaucracy 	<p>Strategy was approved by the management executive team on 15 February 2005</p>

3.0 National Priorities

The Agency has a requirement to deliver national objectives which impact on procurement.

3.1 Supply Chain Excellence Programme

The programme, born out of the Supply Chain Review commissioned by the Commercial Directorate in 2003, commenced operationally in April 2004. It has four work-streams – progress against each is detailed below.

3.1.1 National Contracts Procurement Project

In April 2004, teams from the Agency, the Commercial Directorate and external consultants were combined to address new sourcing techniques for a range of products and services (categories). Eleven categories were chosen with an annual spend of around £1 billion and a savings opportunity of £97 million identified.

This phase of activity is described as Wave 1, with two further waves planned for completion in 2005/6. The total spend to be addressed is around £1.1 billion with an annualised savings target of £240 million by 2007/8.

One specific example of success has been the employment of reverse auctions in appropriate categories. A vital piece of work currently being pursued by the Agency is benefits tracking, i.e. providing the NHS with exact detail of the savings and how their achievement can be measured.

Planning for Wave 2 is currently under way. Candidate categories have been identified and are being shared with the NHS, both to ensure support and avoid any conflict with confederation/hub draft work plans. An opportunity assessment is due to be take place in May/June 2005.

Some of the sourcing initiatives have resulted in contracting being carried out at national rather than regional level. The Agency is committed to working with industry to ensure that all parties are fully aware of the implications of the project and that suppliers are engaged during the planning process.

3.1.2 The NHS supply chain

In July 2004, the Secretary of State approved the placing of an OJEU advertisement to begin the process of investigating the potential for private sector partnering (outsourcing) of the supply chain function of NHS Logistics – together with the procurement functions of the Agency that support NHS Logistics.

Bidding and evaluation is a two stage process with responses to the Invitation to Submit an Outline Proposal (ISOP) received in January 2005.

Following evaluation of the ISOP an outline business case is being prepared which will determine:

- value in the bidders' outline proposals
- value in combining logistics and procurement within the outsourcing proposal
- whether the bidders' outline solutions reduce risk and meet wider DH objectives
- which solution should be taken to the Invitation to Negotiate (ITN) stage.

In the event of the Secretary of State approving the finalisation of a contract with the private sector, implementation of the contract is likely to involve the transfer of people and assets. This will present a significant operational challenge to the Agency.

3.1.3 NHS PASA re-organisation

During the 2004/5 the Commercial Directorate of the Department of Health commissioned a review of the Agency which culminated in the restructuring of the organisation. The changes more appropriately configured the Agency to undertake a stronger and more focused national role in all areas critical to the delivery of NHS purchasing and supply. The restructuring exercise was driven by several critical drivers for change:

- the need to introduce new functions and processes to ensure delivery of savings made possible through the Department of Health's Supply Chain Excellence Programme's (SCEP) National Contracts Procurement (NCP) framework agreements
- the need to contribute to the Department of Health's Arm's Length Bodies Review Programme (ALB review) through both operational improvements and restructuring to better assess and take on board future ALB components
- the need to introduce new functions and roles to support the successful delivery of SCEP's collaborative procurement hubs (CPH) and the continued maturity of confederations
- the need to introduce new functions and roles to help drive the Department of Health's procurement innovation agenda across the NHS.

A critical objective for 2005/6 will be to complete the recruitment to the new structure and embed the redesigned business processes.

3.1.4 Collaborative procurement hubs

During 2004, work began on a project to create collaborative procurement hubs (CPH). This built on the Agency's work with confederations.

The objectives of the project are to:

- develop a model for efficient and effective collaborative supply management to be adopted by trusts across the NHS; this is to achieve standard deployment of resources, building upon best practice from existing confederations and external knowledge, and focusing on rapid achievement of benefits

- release annual savings of £270 million by 2007/8, after full roll out of collaborative procurement hubs
- support innovation and good corporate citizenship.

3.2 NHS collaborative development

The Agency recognises that collaborative procurement has to be the future direction for the NHS if it is to achieve best value for money. In addition to the high level support given to the collaborative procurement hubs, the Agency is working closely with the NHS to support all forms of collaborative procurement.

During 2004/5 there has been considerable activity towards meeting the business case target of getting 100% of trusts working in confederations plus 50% of confederations having a fully resourced business case and structure agreed.

A restructuring of the responsibilities within the Agency during April 2004 resulted in each government region receiving support from an Agency director. A Change Unit was formed to provide resource and strategic direction for confederation development, including regional development managers to work directly with confederations. In addition, a number of staff from the Agency continue to be on secondment to confederations in order to further help their development.

3.3 Sustainable development

The Agency is committed to achieving its targets set under the *Framework for Sustainable Development on the Government Estate*, and also providing a lead to the NHS on sustainable procurement. We shall pursue the following actions, working with other agencies and government departments as required:

- continue to report on our sustainability performance in the public domain, in an open and transparent manner
- maintain ISO 14001 accreditation for the environmental management system
- work with other government departments, industry groups and non-governmental organisations to ensure a joined up approach to sustainable development
- develop policies and procedures which support the achievement of sustainable development
- work to ensure contracting activity conducted on behalf of the NHS has consideration for the social and environmental impacts
- provide information and develop tools for procurement professionals on how to best align contracting activity with sustainable development, and also provide relevant training and education
- contribute to research on the links between sustainable development and procurement.

3.4 Choosing Health: action on health and health inequalities

The government White paper, *Choosing Health: making healthy choices easier* was published in 2004 and sets an agenda for improving people's chances for better health and reducing inequalities that lead to ill health. NHS employment and the procurement of food, goods and services are identified as making significant contributions to the health and sustainability of the communities served. We shall support the delivery of the action plan by:

- ensuring contracting activities support Department of Health programmes for better health and reducing health inequalities, as outlined in the *Choosing Health* White paper
- developing policies and procurement activities that support the Food and Health Action Plan and the Strategy for Sustainable Farming and Food, including maintaining the NHS Sustainable Food Action Plan; developing plans to reduce the levels of salt, added sugars and fat in prepared and processed food and drink; increasing access to fruit and vegetables
- engaging with the community in NHS activities through working with small businesses and social enterprises
- supporting the Sustainable Development Commission's *Healthy Futures* programme to develop the capacity of NHS organisations to act as good corporate citizens
- developing employment policies and practices to make a better, healthier workplace and encourage the private sector to take similar actions.

3.5 Freedom of Information

The Freedom of Information Act in relation to public service departments came into force on 1 January 2005. The Agency has provided guidance to our staff and suppliers on the Agency's obligations under the Act. In addition, we have drafted new confidentiality clauses for our terms and conditions of contract that reflect our obligations under the Act.

3.6 EU Directives

The new Public Sector Directive (2004/18/EC), which brings together the three existing directives on public sector procurement (supplies, works and services), has now been adopted by the European Parliament. The Office of Government Commerce (OGC) will implement the new directive in the UK via new regulations by April 2006.

The purpose of the new directive is to simplify and modernise public procurement, and is intended to remove any inconsistencies between the existing directives. It also introduces some significant additional features. The directive recognises the status of central purchasing bodies such as the Agency, and also formalises the use of framework agreements and electronic auctions.

Other significant changes include a new *competitive dialogue* procedure that allows discussions with suppliers in order to identify solutions to complex requirements. Electronic communication will allow for faster and more effective procurement processes, and there will be more opportunity to include sustainability issues in requirements.

The Agency will take the lead from OGC on the implementation of the directive in NHS purchasing and supply, and is contributing to OGC's consultation on the wording of the new regulations. The Agency has delivered a series of training seminars, which cover the key changes, to Agency staff and purchasing managers across the English NHS.

3.7 Reducing bureaucracy

The need to simplify processes has been a consistent theme of numerous reports published in recent years – for example Sir Peter Gershon's *Releasing Resources to the Front Line*, Office of Fair Trading's *Assessing the impact of public sector procurement on competition* and Office of Government Commerce's *Reducing Bureaucracy in Central Government Procurement*. All these are being addressed in the Agency's supplier management strategy, to be published on our website.

The objective of reducing and simplifying processes has several advantages. To the NHS, doing things *once only* reduces the cost of replicated effort. To industry it also helps suppliers – and especially small businesses – to be more competitive through not having to divert resource to responding to a variety of individual requests for information.

The Agency is working hard to meet this agenda. One significant success has been the introduction of NHS-sid, a central database of supplier information required in support of tender applications. During 2004/5 we have seen a dramatic rise in the number of suppliers registering on the system – as at March 2005 this stood at 6223.

3.8 Office of Government Commerce

The Agency is in regular communication with OGC and other government departments to ensure that replication of effort is reduced to a minimum.

In 2004 the Agency was a major supporter of Procurement Solutions for the Public Sector, held at London Docklands in June. This was a prestigious conference and exhibition for the public sector, which involved both consumers and suppliers to the NHS.

Several cross-government contracts exist, of which the NHS can take advantage. Examples are given below. The Agency is also in regular dialogue with local authorities and the Ministry of Defence to seek ways of working together for joint benefit.

- NHS Scat (IT mobiles and pagers) – the NHS has achieved a saving of approximately £3 million for mobiles and £700,000 for area wide pagers
- NHS Cat (IT products), value £100 million – OGC benchmarking has shown a saving of 8.85% against average industry norms

- purchase cards – the Agency currently has an annual spend of £20 million through purchase cards; this contract has produced a savings of £4.5 million
- white goods, value £25 million over five years; this has produced savings of between 1% and 7.5% depending on choice of supplier
- photocopiers, value £30 million – this has produced a saving of 5% in its first year and helped the NHS realise the benefits of digitally networked copiers
- Agency staffing, annual value £250 million – covering admin and clerical and ancillary staffing.

3.9 Increasing capacity

During 2004/5 the number of treatment centres and initiatives involving the private sector have both increased. The trend is expected to continue in the planning year. This has an impact in terms of procurement as products are required for use on NHS patients.

The Agency made a policy decision in 2004 that our contracts should be made available to non NHS providers but strictly on condition that the products in question are only to be used on NHS patients. The benefit of such providers using our contracts is that consistency, compatibility and compliance with safety regulations are ensured. The contracts should also offer better value for the NHS.

3.10 Patient safety

The Agency has a diverse programme of work that impacts on both patient and staff safety within the NHS. This includes working in partnership with a wide variety of stakeholders and colleagues from other agencies – for example the National Patient Safety Agency and DH Patient Safety team.

A significant initiative currently being undertaken by the Department of Health is towards the reduction of MRSA. The Agency is contributing to projects such the Clean Hospitals programme and *Clean your hands* campaign. Further projects include sourcing safer medical devices and providing advice on the effective procurement of infusion pumps.

3.11 Innovation

Publication of the Department of Trade and Industry's report *Competing in the Global Economy* in December 2003 challenged government bodies to develop policies to foster innovation and, by so doing, stimulate the competitiveness of UK industry. This was reinforced by the Office of Government Commerce's report *Capturing Innovation*.

Innovation in procurement provides potential benefits for all stakeholders – by embracing innovative products and processes NHS trusts could meet targets quicker, reduce costs and improve quality of service to patients – patients experience better outcomes by improved access to new technologies. The focus for the Agency's involvement throughout 2004/5 and continuing for 2005/6 is in three main areas:

- the Healthcare Industries Task Force (HITF)
- the Medicines and Healthcare Regulatory Agency's Device Evaluation Service (DES)
- the Health Protection Agency's Rapid Review Panel (RRP).

3.12 Healthcare Industries Task Force (HITF)

HITF is a major initiative between government and the medical devices industry, chaired jointly by Lord Warner, Parliamentary Under Secretary of State (Lords) for the Department of Health, and Sir Chris O'Donnell, Chief Executive of Smith and Nephew plc.

It was set up to identify opportunities where closer co-operation between government and healthcare companies would bring about benefits for patients and service users, the NHS and social care, whilst also helping to improve the industry's performance. Its report *Better health through partnership: a programme for action* was published in November 2004.

The Task Force produced nine key outputs from a wider range of recommendations and two of these have direct implications for the Agency in 2005/6. The first comprises a range of measures relating to procurement, namely:

- developing nationally agreed/best practice models, including early communication with industry of work-plans, to provide clarity on levels of market entry and to ensure the capture of innovative offerings
- a focus for regional procurement, with significant clinician involvement, to provide the platform for informed purchasing decision-making
- ensuring that the role of procurement supports the timely uptake of new technologies which provide patient benefits.

The Agency will deliver the above components of this output through the continued implementation of the Supply Chain Excellence Programme – in particular, proactively engaging suppliers in the National Contracts Procurement Project, developing a generic model for collaborative procurement hubs reflecting the importance of clinical input to procurement and the ongoing development of supply management confederations.

4.0 Clinical Equipment and Specialties Directorate

4.1 Mission

To be the source of category expertise for the NHS, Department of Health and wider government. Ensure that best in class sources and methods of supply are available through the provision of supply contracts and procurement services. Achieve NHS compliance and high uptake of national contracts.

4.2 Objectives

- achieve best value for money for the NHS in the categories managed as measured by the achievement of year on year contract savings
- market management of the clinical equipment and specialties categories including support to and involvement of hubs and confederations
- support policy and innovation agenda and ensure that the category team continuously seeks to introduce new innovative products and devices into the NHS
- owns procurement strategy and the development, implementation and management of national contracts and special projects
- strategic management of key suppliers
- develop and implement stakeholder management plans ensuring high levels of NHS buy-in uptake and compliance to national contracts
- support hub and confederation development including the agreement of appropriate category purchasing level.

4.3 Outline of role and key issues

The categories are high profile and bring the challenge of market management and delivery of government objectives in a variety of ways including the central programmes associated with radiology/radiotherapy, outsourcing and market development with decontamination, determining and implementing the right levels of procurement for cardiology, orthopaedics, pathology and medical equipment/ endoscopy.

The directorate will be involved in the Wave 2 sourcing programme. In addition, the directorate will be anticipating the likely changes in the sector arising from the Health Industries Task Force agenda. Significant impact to the directorate will arise from recommendations made by the Device Evaluation Service.

4.4 Summary of 2004/5

- Overall cost reduction of £41.5 million achieved for diagnostic medical equipment portfolio through effective management of portfolio of contracts with an annual value of £246 million representing an overall saving of 16%.
- Successful completion of the New Opportunities Fund funded cardiac X-ray project Wave 8. This completed the NOF programme of the procurement of 90 new and replacement cardiac cath labs.

- Achieved overall team savings within cardiology of £6.353 million against a contract value £49.731 million.
- Supported National Institute for Clinical Excellence (NICE) with market and product information for a number of their guidance reviews, i.e. implantable cardioverter defibrillators for arrhythmias, appraising the clinical and cost effectiveness of dual chamber compared to single chamber pacemakers and the re-appraisal of drug-eluting cardiac stent.
- Completion and publication of a list of NICE compliant hips available in the UK, fully satisfying the recommendation of the Public Accounts Committee and further developing the guidance set by NICE.
- Award of the first national contract for hip resurfacing products helping trusts to implement NICE guidance at the same time as achieving cost savings.
- Electronic reverse auction held for limited portion of contract renewal for reusable surgical instruments, resulting in savings of 79%.
- Introduction of new contracts to support new techniques on the diagnosis and treatment of sexually transmitted diseases – e.g. NAATS chlamydia screening.

4.5 Plans for 2005/6

4.5.1 Decontamination

- Working with primary care trusts (PCTs) to support the initiative of upgrading sterile services equipment with new technology, ensuring best use of £14 million worth of central funding.
- Identify and encourage development of new products and equipment such as single use instruments, common coding and supporting a trial of Radio Frequency Identification (RFID) with Barnsley District General Hospital (Barnsley Hospitals NHS Trust) to further enhance the services offered.

4.5.2 Medical equipment maintenance

- Implementation of recommendations as appropriate from SCEP Wave 2 opportunity assessment for medical equipment maintenance across radiology, pathology and medical equipment categories.
- Provide category input into all new/renewed clinical and medical equipment contracts ensuring maintenance options are effectively evaluated to deliver whole life costs value for money.

4.5.3 Cardiology

- ICDs, implantable pacemakers and stents participating in the Opportunity Assessment of Wave 2 of the National Contracts Procurement Project.
- Continue development of the cardiology national benchmarking database for cardiology consumables.

4.5.4 Orthopaedics

- A national forum consisting of representatives from hubs, confederations, home countries and the surgical profession is to be established to inform strategy for joint replacement contracting and help the development of national agreements for trauma and spinal products.

4.5.5 Pressure area care

- Development of a new national framework agreement for pressure area care – potentially under Wave 2, with an expected start date of 1 March 2006.

4.5.6 Surgical instruments

- Development of a national standard specification and procurement guide for the purchase of surgical instruments track and trace systems to comply with the specific criteria set out in HSC 2000/032.
- Development of the recently awarded national framework to help achieve compliance with new decontamination regulations and reduce the risk of cross infection.
- Production of a national framework agreement for single use surgical instruments to assist trusts, particularly in primary care, to achieve compliance with national decontamination standards and also to assist acute and primary care trusts to reduce the risk of cross contamination, particularly from vCJD.

4.5.7 Endoscopy

- Implement a framework agreement for flexible endoscopes for Hertfordshire NHS Supply Management Confederation.
- Award of the first national agreement for endoscopy consumables to be supplied through NHS Logistics.

4.5.8 Pathology

- Assisting with the introduction of new technology e.g. front line automation, point of care tests, molecular science and genetics.
- Support to the national roll out of the liquid based cytology screening programme.
- Continued support of live projects HbA1c and anti natal sickle cell, neonatal sickle cell, anti microbial susceptibility discs, serology, NAATS chlamydia and genetics.

4.5.9 Radiology

- Development of a procurement strategy for digital equipment, linking with the National Programme for IT.
- Support to the National Breast Screening Programme through the development of new technology in digital imaging and archiving.
- Production of standard evaluation documentation concerning ultrasound equipment.

4.5.10 Radiotherapy and imaging

- Support to the Cancer Plan equipment programme for MRI/CT scanners and linear accelerators.
- Development of new technologies such as position emission tomography.

4.5.11 Medical and surgical equipment

- Review of the market for medical and surgical equipment and development of best practice procurement in conjunction with the collaborative procurement hubs.

consumables

5.0 Clinical Consumables Directorate

Be the source of category expertise for the NHS, Department of Health and wider government. Ensure that best in class sources and methods of supply are available through the provision of supply contracts and procurement services. Achieve NHS compliance and high uptake of national contracts.

5.2 Objectives

- achieve best value for money for the NHS in national categories
- own procurement strategy and contract implementation and management of sourced national contracts in a category area
- maintain level of knowledge and oversight over entire NHS non-pay spend in a specific category area
- drive the DH innovation agenda into, and drive innovation from within (by suppliers/customers), the category
- implementation of government procurement policies within category
- proactively build and manage customer relations, ensuring customer satisfaction, specification buy-in, uptake and compliance
- support hub development, as relevant, through training, category knowledge and specific additional support
- develop patient and staff safety agenda – including support on specific projects and wider safety issues.

5.3 Outline of role and key issues

The role of the directorate encompasses the strategic sourcing of medical devices, allied to high level contribution to DH policy and the patient and staff safety agenda. Ongoing input into and delivery of the HITF agenda. The directorate also supports the realisation of the benefits of clinical procurement with hubs/confederations and supports the SCEP agenda, in particular sourcing strategy, hub development and NHS Logistics.

5.4 Summary of 2004/5

- Implemented the outcomes of SCEP Wave 1 in the following key areas: wound care, sutures and continence care.
- Implementation of e-tendering and associated e-procurement techniques including e-auctions in specific market categories (outside Wave 1) resulting in baseline savings and the utilisation of e-technology in the medical supply chain.
- Greater communication has taken place with colleagues from the United Kingdom countries resulting in the formation of a group to discuss the issue of latex allergies and the management of the medical gloves market.

- Ongoing support has also been provided to DH policy and initiatives through development of effect supply chain solutions in the following areas:
 - emergency planning
 - NSF for older people and long term conditions
 - patient and staff safety – intrathecal errors, blocked anaesthetic tubing
 - HITF/RRP input.

5.5 Plans for 2005/6

- Participate and deliver the requirements of Wave 2 SCEP plan alongside work to maximise the benefits of Wave 1 SCEP. Wave 2 category focus will be within appliances, urology, stoma and dressings.
- Proactively work with hubs/confederations to ensure they achieve maximum benefit from existing contract arrangements and to determine and develop market strategies in key areas.
- Continuing support to DH emergency preparedness agenda.
- Support DH emerging policy for independence, well-being and choice in adult social care, including support on specific projects, and developing stronger links with local government purchasers.

5.5.1 Audiology

- To develop an exit strategy for analogue hearing aids in consultation with the NHS and the private sector.
- To undertake research into NHS requirements into the future for private sector hearing aid services provision, taking into account emerging policy on diagnostic waiting times.
- To review national arrangements for supply of the audiology patient management systems (PMS) in light of the CfH (Connecting for Health) IT programme.

5.5.2 Prosthetic and orthotics

- Building on the recommendations of the orthotics pathfinder report in consultation with the NHS and other key stakeholders, and to scope the ability to move to an outcome-based contract currency procurement model.
- Further develop the pilot working at limited NHS sites in prosthetics contract currencies, inline with DH PbR policy, and undertake an NHS-wide review of progress to date.

5.5.3 Wheelchairs, community equipment services and EAT

- Support the continued development of a modernising wheelchair services strategy with DH and the Care Services Improvement Programme (CSIP).

- Support the DH in developing procurement outcomes in telecare for use within both the NHS and social care (local authorities).
- Work with DfES (Department for Education and Skills) to develop the existing national contract for electronic assistive technology (EAT) to support the wider Communication Aids Project.
- Develop dialogue at hub level regarding provision of both wheelchair services and CES to the NHS.

5.5.4 Anaesthesia and exam gloves

- To work with UK countries to determine a UK wide procurement strategy for the management of latex and associated allergies in the medical gloves market.
- Continuing support to DH emergency preparedness agenda.
- To identify opportunities for standardisation, rationalisation, commitment pricing and contracting levels. Category examples – patient warming, examination gloves, electrodes, laryngeal masks and oxygen therapy consumables.
- To undertake support to users and suppliers of reusable patient warming devices as further support in this market area.
- To undertake a procurement exercise for ECG papers.

5.5.5 Anaesthesia and obstetric and gynaecological sundries

- To undertake a review in the respiratory therapy market to identify key product features and suppliers, assisting in any input into work undertaken by NICE.
- To further investigate the market for specialist obstetric and gynaecological products including endometrial ablation treatments to determine levels of procurement and uptake of the new technology.
- To develop and identify savings/benefits to hubs of enhanced procurement arrangements for anaesthetic equipment and associated consumables.

5.5.6 Wound closure

- To identify and implement a strategic supply programme with hubs/ confederations to maximise benefits of Wave 1 category strategy for sutures, surgical mesh and tissue adhesive.
- To stimulate and encourage more efficient working practices which realise cost savings and wider benefits to the NHS for products used in skin closure procedures.
- To develop support and/or guidance to ensure key wound closure markets are effectively managed and savings opportunities are maximised, for example – surgical stapling and laparoscopy and associated markets.
- To provide ongoing support to NICE including completion of work activity as a commentator in the ongoing review of laparoscopic surgery for colorectal cancer

5.5.7 Theatre consumables and equipment

- To develop suitable customer groups to gain professional engagement with the theatre category prompting increased awareness of procurement strategies.
- To measure the benefits of a linked sourcing exercise for suction equipment and consumables.
- To provide information in respect of rebates, savings and rationalisation opportunities to hubs and confederations and to review theatre consumable agreements, prepare and begin implementation of future sourcing plans.

5.5.8 IV devices

- To work with the DH and NPSA to determine the optimum design solution for an intrathecal connector to prevent the mal-administration of drugs.
- To support and to continue the development of work on staff and patient safety by using safer and innovative technologies by promoting the benefits of the sharps and needlestick website.
- To establish a new national contracting arrangement on behalf of the NHS and drug action teams for the supply of needle exchange packs.
- Re-align national contracts for syringes and needles, IV cannula and clinical waste containers with commitment discount structures to meet the needs of the new and emerging collaborative procurement hubs.

5.5.9 IV pumps and consumables

- To work with the NPSA, MHRA and the NHS to reduce medication errors, update the infusion device website, develop equipment libraries and rationalisation proposals.
- To work with confederations and collaborative procurement hubs in formulating and implementing a national framework agreement for the supply of infusion pumps.
- To establish a manufacturers forum for infusion devices.
- To undertake research into the NHS requirements for non electronic infusion devices.
- To establish new national contracting arrangements on behalf of the NHS for the supply of IV extension lines and intravenous accessories.

5.5.10 Continence care

- To diversify the current National Customer Group to provide a more focused forum representing both primary and secondary care. Providing the NHS with a strategic forum to influence procurement activity within NHS PASA.
- Develop links with other appropriate professional bodies such as the ICN and CPS to create a full cross functional forum of NHS stakeholders.

- As part of the SCEPT Wave 2 programme, establish a national home delivery service ensuring trusts have the potential to provide integrated care between primary and secondary sectors.
- Negotiate a strengthened contract for washable continence care products in support of the national home delivery service.

5.5.11 Urology

- Establish a cross functional urology customer group including appropriate professionals from both primary and secondary care. The group to be a key forum for NHS stakeholders to influence NHS PASA procurement strategies.
- Support government policies and initiatives in respect of cleaner hospitals, specifically the Rapid Review Panel.
- In collaboration with hubs/confederations, investigate the developing area of urodynamics and determine appropriate procurement strategies in consultation with key clinical stakeholders.

5.5.12 Dressings

- To develop the Wound Care Commodity Advisory Group in regards to both acute and community sectors to ensure that the procurement activities are reflective within both sectors.
- To work with colleagues, stakeholders and trade associations to develop and enhance procurement arrangements for dressings/medical devices, taking into account the impact of the NHS decontamination project.

5.5.13 Medical diagnostics

- Re-align the national framework for blood collection systems with commitment discount structures to meet the needs of the confederations and procurement hubs.
- Working with the DH and the NHS develop and implement a strategy for immunisation devices incorporating risk assessment and supplier relationship management.
- Work with the NHS to develop a national framework for procedure packs incorporating standardisation of range and explore commitment opportunities for confederations and hubs.
- Develop a strategy for ophthalmology linking devices and support products as integral market opportunities.

non-clinical

6.0 Non-Clinical Directorate

6.1 Mission

To be the source of category expertise for the NHS, Department of Health and wider government. To drive innovation and DH policy and priorities for health, achieve high uptake of national, readily accessible contracts that provide best in class sourcing strategies, value for money and secure, sustainable supply.

6.2 Objectives

- own procurement strategy and contract mobilisation and management of sourced national contracts in a category area
- provide effective market regulation over the non clinical category area – including supporting wider NHS procurement bodies with strategic supplier management
- drive the DH innovation and sustainability agenda into and from within the category utilising supplier and other stakeholder networks
- implementation of government procurement policies within category
- proactively build and manage customer relations, ensuring customer satisfaction, specification buy-in, uptake and compliance
- support hub development, as relevant, through training, category knowledge and specific additional support
- proactively work with hubs/confederations to agree purchasing levels in the NHS
- support NHSLA in the achievement of their sales and margin targets.

6.3 Outline of role and key issues

Responsible for the strategic sourcing of utilities, transport, food, office services, estates, textiles, paper, polymer, tableware and cleaning products amounting to £2.5 billion non pay NHS spend and a savings target of 8%.

The non clinical category is heavily involved in delivering the SCEP agenda, in particular Wave 1 and potential Wave 2 contracts, hub development and NHS Logistics.

Across the directorate we have complex supply chains, a large number of both SMEs and global suppliers (242 into NHSLA and over 430 direct), third party supply considerations and numerous NHS stakeholders.

This presents challenges in terms of market, supplier and stakeholder management and communication. Examples include minimising the impact of very volatile energy prices to managing communication and consultation across the NHS and supplier base in relation to products coming out of the Rapid Review Panel and new initiatives in relation to Connecting For Health and the Food and Health Action Plan.

6.4 Summary of 2004/5

- Following the SCEP NCP Wave 1 activity the non clinical directorate produced savings of £54 million (food, textiles, transport) the grand total being £113 million.
- Non Wave 1 activity presented savings in excess of £88 million.
- Consolidated stationery position as the NHSLA fastest growing portfolio.
- In line with the efficiency review targets continued the effective collaboration with OGC buying solutions procuring across government to deliver value for money in the NHS.
- Secured the entire NHS's green energy requirement.
- Introduced a dedicated website that provides each trust with real time on line consumption data for utilities spend.
- Delivered increased compliance to the NPSA hand hygiene campaign – alcohol rub sales from £1 million to £5.1 million.
- Successfully implemented the School Fruit and Vegetable Scheme (SFVS), involving the distribution of around 400 million pieces of fruit to 16,000 schools across England in 2004.

6.5 Plans for 2005/6

6.5.1 Directorate

- Collaborate cross government with OGC, MOD, HMPS, DTI investigate possible procurement efficiencies in energy, estates, hotel and travel in addition to sharing best practice, market knowledge and experiences.
- Develop a matrix of HPC and confederation planned contract activity to assess information and support required from category.
- Review the range of customer groups across non clinical to devise a more streamlined, less resource intensive yet effective communications strategy.
- Build and develop effective relationships with identified CPH category managers and confederation leads particularly in NTW, CTD and TV plus NEYNL.
- Drive uptake on Wave 1 contracts to ensure delivery of the time bound targets laid out in the individual category commitment gate documents.

6.5.2 Textiles

- Develop sourcing solutions in line with the emergency preparedness unit DH for CPPE suits and decontamination units.
- Research and scope possible sourcing strategies for disposable curtains.
- De-stock slow moving lines from the drapes and gowns range and make available via Blue Diamond or edirect facility.
- Convert customer to lower cost options within the wipes sector and national contract uptake by hubs of the drapes gowns and tray wraps and sourced in Wave 1.
- Work with procurement enablement to ensure timely delivery of five contract renewals identified for resource support in 2005/6.

6.5.3 Food

- Research and develop supply chain innovations such as backhauling from UK ports to NHSLA and extend the Schools Fruit and Vegetable Scheme to local education.
- Develop a strategy to maximise the commercial opportunities for the supply of ready prepared meals.
- To commence activity to ensure delivery of a new prepared meals contract with a value of over £26 million by December 2006 plus contracts for canned food.
- Implement contracts in relation to SFVS distribution and supply to the value of £79 million.
- To investigate the feasibility of providing an internet shopping service to small NHS sites from key retailers.
- Support the development of a new database containing the nutritional value of all foods supplied, working with the Food and Health Action Plan.

6.5.4 Paper, polymer, tableware, cleaning and domestic

- Continue to support the role out and visibility of the Clean Your Hands campaign.
- Develop a sourcing strategy for the outputs of the Rapid Review Panel in relation to hand hygiene and cleaning products to ensure quick and easy access to the products.
- Develop a sourcing strategy and supply contract to support the Brushing For Life campaign.
- Work with stakeholders to move the point of manufacture to more effective production centres i.e. polythene aprons from the UK to China.
- Renewal of nine contracts working with the procurement enablement directorate.

6.5.5 Office services

- Target national LIFT projects as a driver for increased contract uptake.
- Increase influenced stationery spend from £49 million to £60 million driving sales through NHS Logistics Authority.
- Increase influenced furniture spend from £24 million to £30 million by supporting NHS trusts in their efforts to consolidate expenditure to contracted suppliers.
- Build on the efforts of the furniture supplier base in their pursuit of full chain of custody for sustainable sourcing in line with government and NHS PASA environmental targets.
- Utilise product leverage opportunities within key markets such as toner cartridges and paper products consolidating NHS PASA position as number one public sector volume and value account.
- Consolidate direct-to-user framework agreements for dictation equipment and stamps into the wider stationery portfolio releasing resource/encouraging one stop shop opportunities.

6.5.6 Utilities

- In line with the proposed deregulation of the water market we will develop a procurement solution for the NHS.
- The energy team will produce sourcing solutions for emissions trading.
- Place a number of energy contracts with a total value of £39 million providing savings of £17.8 million.
- Develop a risk management procurement strategy involving procuring energy in layers at the most appropriate time give price volatility.

6.5.7 IT and telecoms

- Following the OA Wave 2 on telecoms it is believed a sourcing strategy will be delivered for Voice. Projected savings are c£14 million on a spend of £78 million.
- Support the re-procurement of Gcat, Scat, GTM and GTC contracts.
- Work with and support NPfIT particularly in reducing call charges.
- Launch the new national contract for video and data products and services. The contract is worth £50 million and poses savings of £1.5 million.

6.5.8 Estates

- Progress with the Procure 21 team via Commercial Directorate, the development of a sourcing strategy for associated products.
- Deliver six contracts renewals in 2005/6 (c£12 million) working with procurement enablement.
- Continue to develop advisory role for waste management, working closely within sustainability objectives (particularly with the demise of NHS Estates).
- To progress the work with FM providers to secure their usage of estates contracts.
- To introduce further modules for the estates minor repair and maintenance procurement strategy and continue to promote their use by confederations.
- To continue the collaborative approach to contract management with OGC buying solutions, ensuring the flow of management information on NHS contract take up where OGC contracts are shown on ECAT.

6.5.9 Transport

- To closely monitor and advise the ambulance service of developments on regulatory standards such as BSEN 1789 and type approval.
- To support the CD and Cap-Gemini in their review of ambulance procurement.
- To enhance the features of the lease car website including supplier loading of data.
- To monitor, promote and deliver the ramp up on uptake and savings projections for fleet Wave 1 contracts (£10.7 million savings annualised).

pharmaceuticals

7.0 Pharmaceuticals Directorate

7.1 Mission

Be the source of NHS category expertise, drive innovation, achieve high uptake of national, readily accessible contracts that provide best value for money and secure sustainable supply and to add value to patient care through our procurement activity

7.2 Objectives

- assist DH in achieving its policy objectives
- own the procurement strategy and contract implementation of category
- manage sub category markets to achieve competition and minimise risk
- maintain level of knowledge over NHS category spend in secondary care
- maintain appropriate relationships with stakeholders – e.g. DH, NHS, suppliers, pharmacists
- support hub activity and development commensurate with each sub category
- work with hubs/confederations to agree purchasing levels within the NHS
- improve patient care through sourcing of quality/innovation solutions
- minimise risk to patient care through management of product shortages.

7.3 Outline of role and key issues

The directorate covers one of the highest spend and most important patient related categories within the Agency. Total expenditure in NHS secondary care is about £2.2 billion.

Categories include medicines, gases, blood products, vaccines, renal, enteral. This entails engaging with global manufacturers to ensure products are available to the NHS at minimum cost.

In Wave 1 of the National Contracts Procurement Project the directorate contributed savings to the value of £47.5 million. Wave 2 is already at implementation stage with contracts due to commence in August 2005. Contracts are arranged for generic drugs in two ways:

1. on a national basis for products where NHS secondary care is a smaller consumer than primary care
2. on a regional basis where NHS secondary care is the predominant consumer.

Engagement with the NHS is carried out mainly via pharmacists and formally through a national strategic group (National Pharmaceutical Supplies Group) and its commercial sub group (Pharmaceutical Market Support Group). Discussions are currently taking place with hubs and confederations to agree levels of activity.

7.4 Summary of 2004/5

- Generic medicines Wave 1 saving £47.5 million.
- Savings outside of Wave 1 activity totalled £65.2 million.
- Contract coverage of £523.5.
- Management of shortages of critical products in conjunction with DH, particularly diamorphine.
- Introduction of generic competition to the market for clozapine and dealing with subsequent legal action.
- Implementation of the DH project for home oxygen therapy services.
- Introduction, in conjunction with consultants AT Kearney, of a new system (Pharmex) for tracking trust spend on medicines.
- Introduction of new childhood vaccines in support of DH project.
- Piloting of NHS Messaging Service for electronic trading between trusts and suppliers.
- Increasing of influence in contracts for renal products from 30% to 70% of the NHS market.
- Contribution to the national review of NHS wholesaling.
- Introduction of a medicines quality control database.
- Completion of a project to institute bar coding and EAN codes to pharmaceutical products and related medical devices.

7.5 Plans for 2005/6

- Implementation of Wave 2 of national contracts sourcing, contracts commencing August 2005
 - specific sub category team allocated to this project, working in conjunction with PMSG.
- Reconfiguration of contracting schedule based on six geographical regions
 - agreement on products and timescales agreed via PMSG.
- Introduction of new contracts for products coming off patent
 - planned implementation following market intelligence/employment of RAMA database.
- Implementation of DH home oxygen therapy service contract
 - close liaison with DH project leads.
- Transfer of Pharmex data system into NHS PASA
 - dedicated team appointed with cooperation from corporate IT and procurement enablement.
- Transfer of contract activity to NHS for enteral feeds and gases
 - consultation with NHS and production of templates.

- Development of NHS Messaging Service
 - joint working party with industry.
- Review of renal patient transport
 - liaison with DH in support of national service framework.
- Project to review home delivery service to patients at home
 - linking with national pharmacist network.
- Review of supply arrangements for coagulation factors
 - supporting DH initiative recombinant for all.
- Development of a new national framework agreement for haemofiltration products
 - working with DH policy leads and specialist national consultation group.
- Requirement of industry to employ EAN coding
 - ministerial support to patient safety and product tracing initiative.

8.0 Agency and Services Directorate

8.1 Mission

The newly formed agency and services directorate will offer a best-in-class procurement service to the NHS in each of its key markets by identifying and realising savings opportunities; by maximising NHS trust use of its outputs; and by raising professional standards of procurement.

8.2 Objectives

- increase spend on framework agreements by 25% from a base of £1.1 billion in 2004/5 to £1.4 billion
- deliver at least £100 million in realised savings to the NHS
- increase NHS compliance to its framework agreements to an average of 75%
- deliver Wave 2 of the National Contract Procurement Project for scientific and technical staff, recruitment advertising, administrative and clerical staff, and laundry and linen services*
- achieve transaction level spend reports from ALL contracted suppliers
- conduct a compliance audit of ALL medical locums suppliers and every nursing agency supplier over £5 million in annual business value
- deliver the first national framework agreement for leasing (estimated value: £500 million)
- deliver the purchasing output requirements of the DH National Implementation team's Independent Sector Treatment Centres programme.

* *subject to approval by the Commercial Directorate.*

8.3 Outline of role and key issues

The directorate will deliver the single biggest contribution to NHS PASA's contract value and savings targets. It will also make a strong contribution to corporate objectives by:

- use of eAuctions as a tool of preference for all procurements
- establishing one-to-one category management relationships with all new and developing collaborative procurement hubs
- improving the quality of patient experience and outcomes by an audit of suppliers of key medical personnel
- embedding collaborative decision-making by the use of project boards, as established in nursing contracts
- effective management of risk
- identifying process improvements and innovations in *how* NHS trusts access its contracts.

Lord Warner (MSD) recently endorsed the work of NHS PASA in this field by stating in a recent press release that sourcing of commercial agency staff within the NHS should, wherever possible, be done using NHS PASA framework agreements. Lord Warner's endorsement signifies both the high-profile of the work of the directorate and the most challenging aspect of its operating environment: it is highly politicised.

8.4 Summary of 2004/5

Among its current responsibilities, the directorate managed only agency staffing in 2004/5. It then achieved a total saving of £72 million against a spend of £1.1 billion – a savings rate of approximately 6.5%. These figures represented a year-on-year increase on both value and savings dimensions against 2003/4 figures through the introduction of new regional contracts for nursing, and a national ancillary staff contract delivered as part of Wave 1.

The directorate also delivered Wave 1 contributions in stationery and furniture – delivering a combined savings total of over £25 million, about 25% ahead of target.

8.5 Plans for 2005/6

8.5.1 Medical locums

A new three-year contract will be launched on 1 July 2005. Its first-year targets are to increase managed spend from £150 million to £200 million and to realise £8 million in new savings.

8.5.2 Nursing

In August 2005, the new London Agency Project (LAP 3) and the renegotiated Southern and Eastern Agency Projects (SEAP) will be launched. Combined, these new agreements will deliver a total first-year contract value of £320 million and savings of £40 million. The remaining five regional agency nursing contracts will be subject to an in-year variation order: this will address a spend of approximately £350 million. As with LAP3 and SAP, the variation order will introduce eAuction technology to maximise the savings potential (the target will be agreed following the completion of eAuctions for the SAP project).

8.5.3 Recruitment advertising

A new contract for recruitment advertising will be launched on 1 November 2005. In year savings of £4.2 million will be achieved (subject to potential impact of Wave 2).

8.5.4 Administrative and clerical

To achieve in year savings of £5.7 million by increasing uptake from 27% to 40%, (subject to potential impact of Wave 2).

8.5.5 Ancillary staff

Increase uptake from approximately 50% to 80%, realising savings of £2 million.

8.5.6 Allied health professionals

This contract currently achieves compliance of approximately 80% (£120 million of £150 million).

It may be combined with the Wave 2 project for scientific and technical staff.

8.5.7 Scientific and technical

Total market size estimated at £120 million in an area in which NHS PASA does not provide any current agreement. Savings and compliance targets will be determined by the output of the Wave 2 opportunity assessment conducted for this market.

8.5.8 Leasing

Subject to the outcome of an opportunity assessment, introduce the first national framework agreement for leasing. The total market size is estimated at £500 million per annum: savings and compliance targets will be measured as part of the opportunity assessment. Whatever the outcome of that review, the directorate will support the £150 million shortfall in the national decontamination project by developing innovative funding solutions.

8.5.9 Outsourcing

Laundry and linen: the total market size is estimated at £150-£200 million, with approximately £70 million immediately influencable. Compliance and savings targets will be finalised if included in the Wave 2 project.

Independent sector treatment centres: i) provide a project management office service (£5 million); ii) provide deal execution services (£50 million over two to three years); iii) provide an ad hoc purchasing service (£1.5 million); iv) provide a central contract management unit (£7-£10 million per annum).

Commission for public and patient involvement in health: The directorate will support the delivery of nine new regional contracts, with a total centrally allocated budget of £64 million over four years.

8.5.10 PCT purchasing

A new area of activity for the directorate. Outputs in 2005/6 will be two new procurement guides for NHS trusts, while a programme of research will determine the future role of NHS PASA in providing either a national purchasing management or contracting service for the NHS in this area.

procurement

9.0 Procurement Enablement Directorate

9.1 Mission

To provide best practice sourcing and data analytical expertise and support to category teams.

9.2 Objectives

- deliver best practice sourcing expertise and support to categories
- provide data analysis support to categories
- provide effective benefits tracking mechanisms and outputs
- ensure adherence to up to date policy, regulatory and legal changes
- drive learning and best practice across all categories
- ensure availability of data analysis and sourcing specialists across categories
- deliver effective quality systems and monitoring mechanisms across procurement activities.

9.3 Outline of role and key issues

The procurement enablement directorate combines sourcing specialists and data analysts who provide best practice strategic sourcing expertise, sourcing process management, spend and tender analysis, benefits tracking analysis and data management relevant to the sourcing process. The sourcing processes are supported by quality and audit mechanisms to ensure all policy, regulatory and legal requirements are adhered to.

The procurement enablement directorate also includes the e-procurement function that provides and manages innovative and effective tools to support the procurement process including e-tendering, e-tender analysis, e-auction systems and the web based e-catalogue.

The procurement enablement directorate and the processes underlying its operation are new. A build up to full operation under the new structure will take place. Due to the internal re-organisational process this will mean that full resources will not be available until the re-organisational process has worked through.

9.4 Plans for 2005/6

9.4.1 Processes

- Development and implementation of processes to ensure effective delivery from the working relationship between procurement enablement and categories:
 - detailed process maps with supporting methodology and documentation will be produced
 - all purchasing (procurement enablement and category) staff will be trained in the new processes
 - a new *Operational purchasing procedures* manual will be produced to incorporate new, innovative, best practice sourcing techniques.

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9.4.2 Project and resource management

- Development and implementation of an effective project and resource management methodology to support prioritisation and delivery of the sourcing and data analysis service to categories:
 - development and publication, internally and to the NHS, of three year rolling sourcing plan
 - implementation of additional functionality available within the contract information management system (CIMS) to provide contract workflow management
 - CIMS data management, contract workflow and savings data management fully transferred from current contract owners to procurement enablement staff
 - identification of all new and in progress, sourcing and data analytical activity. Project plans with resource implications and timescales in place for transfer of all agreed activity.

9.4.3 eProcurement

- Best practice e-Procurement tools and techniques will be introduced to support sourcing processes and deliver increased efficiencies in benefits delivery and resource utilisation:
 - full implementation of new e-tendering, e-tender analysis and e-auction tools
 - develop the Agency web based electronic catalogue (e-cat) functionality to include supplier maintenance of product data on-line
 - develop a web-based electronic catalogue for pharmaceutical products to replace current compact disk publication methods
 - revise CIMS to reflect changed contract ownership under the reorganisation
 - implement a comprehensive directory of all Agency active contracts that can be accessed by NHS organisations
 - develop a master supplier database to ensure accurate contracted supplier details are available at all times.

9.4.4 Quality and performance management

- Deliver effective quality systems and performance management mechanisms across procurement activities:
 - develop an implementation plan to integrate benefits tracking tools and savings reporting mechanisms across all Agency contract activity. Including an assessment of opportunities for trust-by-trust reporting
 - implement in year savings forecasting and retrospective reporting (based fully on supplier sales data)
 - deliver prioritised purchasing audit programme linked to higher risk projects identified in sourcing plan. Undertake audits on in progress projects.

directorate

10.0 NHS Development Directorate

10.1 Mission

To ensure development and delivery of CPHs and support existing confederations.

10.2 Objectives

- enable collaborative development
- monitor and report against hub and confederation development
- work with all Agency directors to ensure development of hubs and confederations
- ensure the CD CPH project has support for successful hub delivery.

10.3 Outline of role and key issues

- The directorate will provide trained and capable workstream leads and officers to work with trusts within SHA boundaries going through the opportunity assessment stage of the CPH programme to ensure a viable business case for investment by stakeholders is achieved.
- The directorate will develop and maintain positive relationships with key stakeholders.
- The directorate will also manage key relationships with the hubs and confederations across NHS PASA and the CD and other relevant bodies to ensure that the hubs and established confederations are fully supported in meeting their business plan targets.

10.4 Summary of 2004/5

- A change unit was also established to provide strategic support to the directors and to the regional development managers to encourage increases in confederation maturity levels.
- At the end of the period 96% of trusts were working collaboratively within their SHAs and 50% of confederations that existed on the 1 April 2004 had achieved a maturity level of four or above. Three confederations had transitioned to become collaborative procurement hubs.
- The development of the collaborative procurement hub (CPH) project (part of the Supply Chain Excellence Programme) highlighted the need to have trained experts (workstream leads) in each of four specific elements of the work required to undertake an opportunity assessment to establish a business case for funding for the cost of CPH.

- Whilst it is the intention of the Commercial Directorate of the DH to encourage all SHAs to establish CPHs there remains a need to support confederations. Collaborative development managers are part of the NHS development team. Their role will be two-fold, they will assist the workstream leads during the opportunity assessment for those confederations seeking to become collaborative procurement hubs and will develop and maintain key relationships across NHS PASA with confederations and hubs within the NHS.
- The dedicated and augmented resource for collaborative development brought about through the restructure will enable a clear challenging strategy to be established with clear direction and high levels of support to develop and maintain the capabilities of the directorate team.
- Directorate was designed to have this expert resource.

10.5 Plans for 2005/6

Workstream leads will be provided to the trusts within four SHA boundaries to enable the production of an opportunity assessment to establish a viable business case for a collaborative procurement hub. The work-stream leads will be experts in the following areas:

- pre-work to develop a fully operational and financially viable hub project office and project team and to have developed a project plan to enable the activity and resource requirements for opportunity assessment to be fully understood
- programme management
 - co-ordinate workstream activities
 - develop mobilisation and implementation plans
 - manage implementation risks
 - develop pathfinder business case
- organisation and governance
 - design structures
 - commercial model
 - processes and roles
 - HR requirements
 - communication and marketing plan
- collaborative sourcing
 - spend and contract data
 - priorities and work plans
 - base line and reporting
- procurement enablement
 - purchase to pay capabilities
 - procurement tools
 - business tools and technology

- A collaborative development manager will be allocated to each of the nine government regions. The collaborative development manager's role will be two fold:
 - develop relationships with confederations to ensure that the dashboard targets for confederation development and maintenance are met
 - develop relationships with hubs and ensure that vital linkages take place with category management within NHS PASA to enable joint working.
- An engagement strategy will have been developed by September 2005 to ensure that the CPH programme is on target to achieve savings of £270 million by 2007/8.
- Engagement and pre-work for the opportunity assessment phase will have begun with four additional SHAs by January 2006.
- A web enabled knowledge pack will be established containing all the tools necessary to develop a collaborative procurement hub by August 2005.
- A stakeholder engagement strategy will be developed and implemented by August 2005 to improve relationship management with the NHS confederations and hubs. The engagement strategy will ensure that key messages are delivered to the right people. Key relationships are further developed and maintained. A survey of confederation and hub satisfaction levels will be undertaken using semi formal interviews during July 2005.
- A review of satisfaction levels will be undertaken using semi formal interviews in November 2005 and in March 2006.
- A hub rollout and growth strategy will be developed by July 2005 to support the CPH programme to release £270 million by 2007/8.

11.0 Policy, Innovation and Special Projects Directorate

11.1 Mission

To understand the DH and wider government policy and innovation agendas and to embed them into the strategic planning and procurement activities of the Agency and wider NHS.

11.2 Objectives

- support, and as appropriate influence, core DH and wider government policy and guide execution at a category level
- drive DH and relevant cross-government innovation initiatives into Agency and wider NHS procurement activities and support internal (Agency/NHS) innovation activities
- assess/screen/filter new projects and ensure new activities introduced into the Agency are supported by a business case and result in supporting funds, if required
- ensure sustainability is integrated within the procurement functions of the Agency and supports the NHS as a Good Corporate Citizen agenda
- provide Agency wide project management resources to support implementation of new projects
- manage and implement a research agenda for purchasing and supply in the NHS
- ensure the Agency influences key government policies with respect to procurement, and is a leader in procurement research and knowledge
- development of a strategic planning process for the Agency, to enable us to be responsive to the dynamic and changing NHS environment and develop future business and work plans accordingly
- project manage the emergency planning requirement across the Agency categories
- provide procurement support for DH and influence the delivery of value for money savings on DH external expenditure.

11.3 Outline of role and key issues

The role of the directorate is to build the Agency's knowledge of its strategic environment to inform and drive its future direction. In addition, it will contribute, inform and, where appropriate, translate and develop policy at all levels including cross-government, DH and NHS supply. The directorate will oversee the Agency's strategic planning and, where necessary, intervene in the shaping of new activities and divesting of existing activities as dictated by the emerging outcomes of the DH ALB review.

The nature of the directorate requires the team to work across all other directorates to ensure the above agendas are embedded into the Agency's business activities. The directorate's performance is therefore dependent on other directorates. The aim of the directorate is to ensure the Agency continues to aspire to be a world-class purchasing organisation.

As the ALB review programme continues there will be increasing emphases on improving cross government efficiencies which may require additional work coming into the Agency or indeed moving out to other ALBs. The directorate will screen and support the approval and decision making of these demands on the Agency and ensure we take on only those activities, which align to our purpose and remit.

A key issue to address in 2005/6 will be embedding procurement policy within practice. This is especially relevant to policy areas such as sustainable procurement, where there is a focus on the UK becoming EU leaders by 2009. Another key area will be achieving a more competitive environment for small to medium enterprises and implementing the recommendations of the better regulation task force.

11.4 Summary of 2004/5

The directorate is new in the Agency but has assumed responsibility for a number of activities from the previous structure. Notable key achievements in 2004/5 included:

sustainable development remained a key priority for the Agency and work focussed on enabling purchasing to align with sustainability through development of procedures and training. Key achievements included:

- developing an innovative research and learning programme on sustainable procurement with the University of Bath
- publishing our fourth annual sustainability report achieving or working towards 95% of targets under the *Framework for Sustainable Development on the Government Estate*
- trialling an environmental purchasing policy and project plan aligned with minimising environmental risk in each purchasing area
- launching the joint supplier environmental questionnaire online with OGC buying solutions and being work with existing suppliers.

During 2004/5, the two departments that now comprise the research and innovation section delivered:

- a substantial contribution to the Healthcare Industries Task Force and its recommendations, via the Market Access Group
- a fully developed research agenda for purchasing and supply in the NHS, used to steer researchers towards priority areas for research
- a comprehensive market research programme, with category-based surveys being used to underpin a wide range of business objectives and sourcing exercises
- best practice recommendations, supported by agreed KPIs, to improve performance in the pharmaceutical supply chain.

11.4.1 Publications

- PS is a quarterly publication sent out by NHS PASA to over 5,000 recipients from across the NHS, suppliers to the NHS and interested members of the general public. A web version is also posted across our websites.
- E-results compilation of case studies on the use of eProcurement systems across the NHS to be used as a guide on good practice for the NHS.
- *Annual Report and Accounts 2003/4*, hard copy plus web version laid in the House by start of summer recess 21 July 2004.
- Working alongside the Commercial Directorate specific communications have been developed and circulated to the NHS on the Supply Chain Excellence programme. Websites have also been developed to support this project.

11.5 Plans for 2005/6

11.5.1 Innovation

The focus for the Agency's involvement throughout 2004/5 and continuing for 2005/6 is in three main areas:

- The Healthcare Industries Task Force (HITF).
- The Medicines and Healthcare Regulatory Agency's Device Evaluation Service (DES).
- The Health Protection Agency's Rapid Review Panel (RRP).

In support of these initiatives the Agency will:

- steer and provide secretariat support to a working group set up to deliver HITF outcome three
- seek to embed (in the Agency and wider NHS) OGC guidance on capturing creativity from suppliers
- seek to embed (in the Agency and wider NHS) BRTF OGC guidance on support for SMEs in securing a greater proportion of NHS business
- develop new measurable systems and mechanisms to help the Agency support the introduction of new technologies into the NHS
- develop and implement a framework for managing outputs from the rapid review panel, specifically category 1 and 2 recommendations
- redesign the Device Evaluation Service and publish an implementation plan for its future strategic direction
- develop new performance measures for the new Device Evaluation Service.

11.5.2 Device Evaluation Service

From September 2005 NHS PASA becomes responsible for re-developing the Device Evaluation Service. The existing service which was part of the Medicines and Healthcare Products Regulatory Agency came into the spotlight at the culmination of the Healthcare Industries Task Force in November 2003. Whilst management of the existing service moved to NHS PASA in April 2005 there has had to be extensive work in redesigning a service that meets the purchasing and innovation needs of the task force recommendations.

From 1 September we will start implementing a five year transition and transformation plan that will include a detailed dashboard of performance criteria with the priorities for the work programme determined at a high level by all major stakeholders.

11.5.3 Communications and corporate affairs

- Develop and produce a revised communication strategy for the Agency to reflect the changing role of new NHS PASA and outcomes of the Supply Chain Excellence Programme.
- Support the development of a stakeholder forum to engage the NHS on the work of NHS PASA and to use the meeting to develop robust two-way engagement with key stakeholders.
- Develop clearly auditable tools for measuring the effectiveness of our communication activity.
- Ensure that all publications developed for NHS PASA are relevant and appropriate and to increase the move towards electronic version and away from large print runs of hard copy.
- Ensure that all targets on responding to parliamentary correspondence are met and the process is fully auditable.
- Ensure that all requests under freedom of information are monitored and progressed within the necessary timescales.

11.5.4 DH policy section

- Develop a new procurement strategy for DH and obtain sign off from the DH board.
- Deliver procurement strategy into DH.
- Integrate PPAU team into NHS PASA and deliver new ways of working with the new procurement enablement directorate.
- Embed sustainable development within new organisational structure.
- Support the better regulation task force and the SME agenda.
- Develop an Agency influence measurement tool and establish a baseline of data.
- Develop appropriate knowledge management systems for the Agency to support FOI and cross directory working.
- Establish metrics for each new policy developed and track implementation outcomes.
- Develop tool for measuring influence with key policy making stakeholders, and procedure for improving influence.
- Raise profile of procurement as an essential consideration in decision making.
- Provide legal advice to the Agency and the NHS as appropriate.
- Provide interpretations of relevant legislation and court decisions for the impact on NHS procurement.

corporate services

12.0 Corporate Services Directorate

12.1 Mission

To create a streamlined and efficient operational environment.

12.2 Objectives

- ensure effective and cost efficient operations
- drive automation and integration of systems across the Agency
- position the operational services for involvement in shared services initiatives, as and when deemed appropriate (e.g. in connection with the ALB review)
- ensure that the Agency's estate is well maintained and effectively managed
- provide a leading edge human resources and training and development service in support of Agency business
- establish a training and development infrastructure to support the development of purchasing and supply competences across the NHS and where appropriate the direct delivery of training
- plan and monitor progress towards Agency organisational development and cultural change objectives
- ensure the Agency complies with legal and procedural health and safety requirements.

12.3 Outline of role and key issues

- The corporate services directorate has responsibility for IT, HR, training and development, organisational development and the management of the Agency estate.
- In summary the directorate's role is to ensure that the Agency has appropriate and efficient IT based operating systems, has an appropriate organisational structure staffed by people with the necessary levels of competences and has a working environment which will maximise Agency performance.

12.4 Summary of 2004/5

12.4.1 IT systems

IT support for achievement of business objectives including:

- technical support for new business processes emanating from SCEP including benefits tracking, uptake management and data analysis
- enhancements to the Agency's IT infrastructure in preparation for the implementation of Windows 2003 in 2005
- implementation of new technologies to provide improved performance for home connections at reduced cost

- implementation of electronic records management resulting in compliance with government guidelines and the Freedom of Information Act
- launch of the pharmaceutical messaging service
- delivery of new business applications including contract information management and human resources.

12.4.2 People

- Major contributions on HR and training and development have included planning and implementation, up to level 2 phase A (IP4 same grade applications) of the NHS PASA re-organisation, the procurement of an HR IT system, delivery of over 2065 training places to NHS purchasing and supply staff and 1445 places to Agency staff. Also a 4% improvement in scoring was achieved against the purchasing excellence model compared with last year despite a period of organisational change.

12.4.3 Estate

- Achievement of all estate based environmental management system objectives.

12.5 Plans for 2005/6

12.5.1 IT systems

IT plans for year to come.

- Implementation of a process for the management of IT development priorities.
- Developing infrastructure and applications to support the change in business processes resulting from SCEP, making best use of modern and emerging technologies. The main areas are:

benefits tracking
uptake management
data analysis
reporting.

- Development of integrated facilities to support the pharmaceutical procurement strategy incorporating Pharmex, Pharma QC and Phate thereby improving the business process and eliminating risk due to dependence upon fragmented systems and out of date technology.

- Development of web services to support:

CPHs
SCEP
intranet
suppliers
trusts
DES.

- Implementation of upgrade to the Agency's central network to take advantage of improved security facilities, functionality and performance available in Windows 2003.
- Business alignment of provision for resilience and disaster recovery.
- Ensure that the Agency is properly represented in the IT stream of the Arm's Length Body review.
- Implementation of KPI monitoring for IT services.
- Implementation of integrated web-content management facility.
- Commencement of regular staff surveys to monitor performance.

12.5.2 People

- Re-organisation (restructure) – to complete the re-organisation to agreed timescale and in such a manner to minimise disruption and help maintain business as usual continuity.
- To ensure that newly appointed staff have appropriate training in the necessary competences and systems to meet business objectives:
 - to establish and implement a post-reorganisation training plan
 - to review the framework contract covering providers of training and development services to the Agency and NHS.

HR

- To populate and implement the HR.net system in order to improve efficiency, effectiveness and reporting capacity.
- To support line managers in achieving a 5% reduction in sickness absence.

NHS training and development

- To deliver 2,000 places of operational and continuing professional development training to trust and confederation staff with purchasing and supply responsibility in accordance with priorities agreed with supply manager network.
- To support the development of collaborative procurement hubs through the provision of guidance, a training infrastructure and where appropriate direct training delivery.

Organisational development

- To carry out an assessment in accordance with the purchasing excellence model with the objective of achieving a 5% improvement on the 2004 score.
- To carry out an initial liP survey and implement a plan to maintain accreditation early the following year.
- To carry out a third staff opinion survey with the objective of achieving an overall satisfaction rating agreed based on the liP survey benchmark.

12.5.3 Estates

- To implement all agreed changes in accommodation need as a result of the re-organisation in order to improve operational efficiency and reduce compartmentalisation.
- To review the effectiveness of the use of the Agency estate in meeting Agency and Lyons requirements.
- To meet all estate related environmental management system objectives in support of the Agency wide ISO 14001 continued accreditation.
- To retain accreditation against OHSAS 18001 occupational health and safety management system.

financial context

13.0 Financial Context

13.1 ALB review

The Agency is in the forefront of the ALB review implementation process. As stated earlier in this document, it will contribute to the majority of the ALB target of £250 million NHS influenced spend by March 2008 has substantially restructured its organisation and allocation of resources to meet this challenge.

Efficiency in service delivery will continue. During 2004, the Agency took on new areas of work relating to the payment of staff expenses, the management of lease cars and additional responsibilities concerning the management of our payroll. In future the Agency is likely to take on additional procurement related activities as a result of the ALB review. The Procurement Policy Advisory Unit (PPAU) has already been transferred from the Department of Health. The Device Evaluation Service (DES see chapter 11) is expected to formally transfer to the Agency's remit in October 2005 from the MHRA. Elements of work on area Agency projects will transfer from NHS Professionals.

A significant issue for the Agency in terms of management and resource will be the market testing exercise planned for NHS Logistics, subject to it proceeding.

Discussions are taking place with regard to the possibility of transferring contracting work from the NHS Information Authority in support of the national programme for IT.

The Agency will also give consideration to the utilisation of shared business services through Xansa as recommended by the ALB review team. Initial areas for consideration will be finance and HR. In addition, the Agency is also participating in the ALB's review of IT service provision.

13.2 Budget and headcount

The major component of the Agency's budget is staff cost being 70% of total costs. An implication of the re-organisation of the Agency was an increase in professionalism. The Agency's headcount was agreed with the ALB review team along with re-designed role profiles and structure charts. The challenge for the Agency going forward will be to secure efficiencies which enable it to sustain the reduction in the proportion of non-pay expenditure. The increasing development of eProcurement processes will be crucial in this respect.

The capital expenditure budget for 2005/6 has increased to enable the Agency to develop essential systems in support of the newly designed organisation.

The transitional costs associated with the re-organisation have been estimated. Whilst the Agency will endeavour to manage these costs from any savings made in its budget, there remains a risk that additional funds will have to be secured from DH to meet any excess balance.

	2004/5 Outturn £'000s	2005/6 Budget £'000s
Income		
DH – vote 2	2,172	21,188
Third party	11,405	193
Total income	22,577	22,381
Operating cost		
staff	15,676	15,777
non-pay	6,901	6,604
Gross operating cost	22,577	22,381
Less capital charges	394	300
Total operating cost	22,183	22,081

Transfers in from MHRA		
DES		6,400

Transition costs		
Restructuring		1,465

Capital funding		
DH	293	685

Headcount		
Establishment WTE	332.1	340.8

13.3 Corporate governance and risk management

13.3.1 Corporate governance

The Agency has:

- an audit committee to advise the chief executive of the Agency on all aspects of corporate governance
- a code of business ethics
- *standing orders and standing financial instructions* – to give detailed guidance on the way we conduct our business

- a fraud policy – to minimise the risk of fraud, theft and corruption in the Agency
- a complaints policy – to ensure complaints are handled efficiently and effectively
- a risk management strategy – to identify and manage risk effectively.

Details of the accountability of the chief executive of the Agency are set out in our framework document. Our performance is monitored through:

- quarterly meetings of the Agency advisory board
- monthly meetings between the chief executive of the Agency and the Senior Departmental Sponsor
- monthly joint meetings with staff of the Commercial Directorate
- quarterly meetings between the Agency, the sponsor branch and head of finance in the Department of Health
- financial profiles submitted monthly to the Department of Health
- regular checking of the progress of individual business plan projects
- formal audits of certified management systems
- regular meetings of the Agency's audit committee.

13.3.2 Risk management

In December 2004 it was recognised by internal audit that the Agency has made significant progress in developing its risk management framework and this is demonstrated by:

- risk management policy (documented framework) reviewed and revised annually by management executive
- risk committee membership and terms of reference reviewed and revised annually by management executive
- risk included in individual management performance targets and objectives forming part of appraisal process
- corporate risk register reviewed and aligned to Agency business plan annually
- high and medium level risks reviewed by management executive bi-monthly
- performance management report on progress against business plan targets to management executive each month includes assessment of risk of not achieving target. This process will be strengthened in 2005/6 by a system of self assessment by risk owners to demonstrate and build evidence to support risk status aligned to the corporate risk register
- functional risk registers completed July 2004
- review of risk is a standing item on the agenda of directorate team meetings
- staff awareness briefings held
- risk is included in Agency job profiles and staff induction programmes.

Risk appraisal – a full risk appraisal forms part of the business case for each Agency contract and is subject to performance and quality audit.

performance

14.0 Corporate Performance Measures

Quarterly corporate targets

Target area	Measurement	Status	Target
1 Arms Length Bodies efficiency review: embed the NHS PASA re-organisation	Completion of the phased recruitment to the new structure comprising 340.8 established posts	April 2005 – 114	October 2006 – 340.8
	Completion of project milestones in the design and implementation of the redesigned business processes. This will culminate in the completion of three workshops to be held by July 2005	April 2005 – 0	July 2005 – 3
	Completion of a training programme for Agency staff in relation to the redesigned business processes. By September 2005 all NHS PASA staff to attend the mandatory module on business processes	April 2005 – 0	September 2005 – 340.8
	Redesign and incorporation of the Device Evaluation Service into the Agency		September 2005 – Transfer of DES to NHS PASA

Target area	Measurement	Status	Target
2 Savings	National contract project (NCP) in year savings resulting from the WAVE projects		£163 million for 2005/6
	Non NCP WAVE contract savings		7.5% of contract value

Target area		Measurement	Status	Target
3	Collaborative procurement	Seven hubs will be in operation ¹	April 2005 – 3	December 2005 – 7
		A further four SHAs will have become part of the hub roll out programme and begun pre-work	April 2005– 0	March 2006 – 4
		An engagement strategy will have been developed by September 2005 to ensure that the CPH programme is on target to achieve savings of £270 million by 2007/8		September 2005
		The trusts within the boundaries of seventeen SHAs will have confederations or hubs at at least level 4 ² maturity		Level 4 maturity by March 2006
		Twenty-seven SHAs will have confederations or hubs at level 2 ³ maturity or above		Level 2 maturity by March 2006

¹ Each potential CPH must progress through three stages before becoming operational. These stages are referred to as: pre-work, opportunity assessment and transition

² Level 4: fully resourced business case and structure agreed

³ Level 2: confederation set up with main board (board leads) and project team

Target area		Measurement	Status	Target
4	IT development and procurement	Agreement of an integrated three year IT plan agreed at ME level by Autumn 2005. This plan will reflect the IT investment required to support the re-structured organisation and re-designed business processes. It will ensure corporate system integration through an agreed process of identification and prioritisation		Autumn 2005
		<p>eSourcing – full implementation of new eSourcing suite including eTendering, eTender analysis and eAuction tools:</p> <ul style="list-style-type: none"> ● eTenders – 100% of Agency's tenders from 1 July 2005 to be transacted via an eTendering system ● eAuctions – The Agency will undertake 20 eAuctions during 2005/6 	2004/5 – 7 (excluding Wave 1)	100% from 1 July 2005 2005/6 – 20 (eAuctions)

Target area		Measurement	Status	Target
5	Investment in people – professionalism of the Agency	Maintain the proportion of staff with professional procurement qualifications. The recruitment exercise summarised in target 1 is significant, and on completion we aim to ensure a high degree of professional competence is maintained		70% or greater
		Procurement excellence model – 5% improvement on the 2004 score	2004/5 weighted score – 481	5% improvement
		Reduction in sickness absence	2004/5 – 1,911 days	5% reduction
		Staff turnover % managed to within sector norm		within a range 7-12%

	Target area	Measurement	Status	Target
6	Headcount	<p>Actual whole time equivalents compared to established budget</p> <p>Targets for internal efficiencies to be achieved:</p> <ul style="list-style-type: none"> ● ratio of procurement to non procurement staff ● savings per employee all staff (NCP and non-NCP) ● savings per procurement staff. <p>Lower savings values are given for 2005/6 as a consequence of:</p> <ul style="list-style-type: none"> ● change in the savings calculation methodology from estimated to actual achieved in the year ● exceptional savings achieved in 2004/5 as a one off ● higher staff numbers 	<p>April 2005 – 336</p> <p>2004/5 – 68:32</p> <p>2004/5 – £1,516,867</p> <p>£1,028,728</p>	<p>Establishment – 340.8</p> <p>2005/6 – 75:25</p> <p>2005/6 – £1,279,000</p> <p>£971,815</p>

glossary of terms

15.0 Glossary of Terms

ALB	–	Arms Length Bodies
BRTF	–	Better Regulation Task Force
CES	–	Community Equipment Services
CfH	–	Connection for Health
CIMS	–	Contract Information Management System
CJD	–	Creutzfeldt-Jakob disease
CPPE	–	Chemical Personal Protective Equipment
CPH	–	Collaborative Procurement Hubs
CPS	–	Clinical Procurement Specialists
CSIP	–	Care Services Improvement Partnership
CTD & TV	–	County Durham & Tees Valley
DES	–	Device Evaluation Service
DfES	–	Department for Education and Skills
DH	–	Department of Health
DTI	–	Department of Trade and Industry
EAT	–	Electronic Assistive Technology
ECAT	–	Electronic Catalogue
ERM	–	Electronic Records Management
FOI	–	Freedom of Information
HITF	–	Health Industries Task Force
HMPS	–	Her Majesty's Prison Service
HPC	–	Health Professional's Council
HSC	–	Health and Safety Commission
ICD's	–	Implantable Cardioverter Defibrillator
ICN	–	Infection Control Nurses
IP3 / IP4	–	Integrated Payband levels 3 & 4
ISOP	–	Invitation to Submit Outline Proposal
ITN	–	Invitation to Negotiate
MET	–	Management Executive Team
MHRA	–	Medicines and Healthcare products Regulatory Agency
MOD	–	Ministry of Defence
MRSA	–	Methicillin-Resistant Staphylococcus Aureus
NAATs	–	Nucleic Acid Amplification Tests
NCP	–	National Contracts Project
NEYNL	–	North East Yorkshire and North Lincolnshire
NHS – cis	–	Contract information system
NHS PASA	–	NHS Purchasing and Supply Agency
NHSLA	–	NHS Logistics Authority
NICE	–	National Institute for Clinical Excellence
NOF	–	New Opportunities Fund
NPSA	–	National Patient Safety Authority
NPSG	–	National Pharmaceutical Supplies Group
NTW	–	North Tyne & Wear
NSF	–	National Service Framework

OGC	–	Office of Government Commerce
PbR	–	Payment by Results
PCT	–	Primary Care Trust
PEM	–	Purchasing Excellence Model
PMS	–	Patient Management Systems
PMSG	–	Pharmaceutical Market Support Group
PPAU	–	Procurement Policy Advisory Unit
RFID	–	Radio Frequency Identification
RRP	–	Rapid Response Panel
SAP	–	Southern & Eastern Agency Projects
SCEP	–	Supply Chain Excellence Programme
SHA	–	Strategic Health Authority
SME	–	Small to Medium Enterprise
TFR3	–	Trust Financial Return (revenue expenditure)

Appendices

Appendix 1 WEB links

NHS Purchasing and Supply Agency:- <http://www.pasa.nhs.uk/>

Department of Health:- <http://www.dh.gov.uk/>

NHS Logistics Authority:- <http://www.logistics.nhs.uk/>

Reconfiguring the Department of Health's Arms Length Bodies: National human resources framework

An implementation framework for reconfiguring the DH arm's length bodies: redistributing resources to the NHS frontline

Framework for Sustainable Development on the Government Estate

Choosing Health: Making healthy choices easier

Competing in the Global Economy

Better health through partnership: a programme for action

Releasing resources to the frontline

Appendix 2 NHS PASA contracts 2005/6

Details of current contracts can be accessed by visiting <http://www.pasa.nhs.uk/currentcontracts>

Appendix 3 NHS PASA purchasing work-plan 2005/6

Details of the work plan can be accessed by visiting <http://www.pasa.nhs.uk/publications>