

Raising Procurement standards with clear visibility of Procurement spend

No Purchase Order No Pay initiative (No PO No Pay)



Staffordshire and Stoke on Trent Partnership NHS Trust

Staffordshire and Stoke on Trent Partnership (Partnership Trust) NHS Trust is the biggest integrated health and social care provider in the UK, with an annual spend of around £370 million.

Partnership Trust tasked NHS Shared Business Services (NHS SBS) to deliver a successful No PO No Pay project requiring suppliers to quote a valid purchase order (PO) number on all invoices.

The challenge

In an increasingly difficult financial environment for the NHS, the Partnership Trust has to achieve more with the same budget.

However, without a formal purchasing structure, the Partnership Trust didn't have complete visibility of how much it was spending, or where the money was going.

A No PO No Pay policy allows for easy order tracking, timely supplier payments, increased visibility of expenditure and more efficient procurement and payment processes.

The project is an enabler. Going forward, the procurement team will have the information needed to contract with suppliers and drive costs down for the Partnership Trust.

By January 11, 2016 when the policy was implemented, the Trust had mandated spend of approximately £59 million (of an influenceable non-pay expenditure totalling roughly £78 million) via the process.

The solution

The No PO No Pay project team oversaw an innovative cultural shift at Partnership Trust and created a legacy of purchasing best practice, allowing the Trust to continue to drive savings and efficiency potential.

The team comprised:

- The NHS SBS Procurement Team, which carried out the project work in addition to their daily Trust contractual duties. The NHS SBS Onsite Procurement Team, led by Lydia Sullivan (Senior Procurement Manager), the e-Commerce Team, led by Paul McGurk (Senior Catalogue

Key points

- Client:** Staffordshire and Stoke on Trent Partnership NHS Trust
- Project:** No PO, No Pay
- Timeframe:** April 2015 – January 2016
- Result:**
 - Increase of PO coverage - up from 37% at the start of the project.
 - Rationalisation of suppliers to 800 - down from over 3,000.
 - 36,629 catalogue lines (across 113 Trust-specific catalogues), created since the project commenced.
 - Embedded a significant cultural shift, successfully changing the organisation's behaviour towards purchasing activities.

Manager), the Operational Services Team, led by June Ford (Operational Team Leader), and Natalie Crawford (Integrated Procurement Partner Service Manager), all worked together and with the wider project team.

- The NHS SBS Finance & Accounting (F&A) Project Team. John Gatehouse (Sponsor and Reporting lead), Jill Pickles (Project Manager), Alistair Meek (P2P lead) and Francis Gorman (Trainer). This team reported into an internal NHS SBS F&A board and to the client sponsor, Director of Finance & Resources at the Partnership Trust, Jonathan Tringham.

Governed under Prince 2 methodology, the project was managed according to best practice and governance:

- Client agreement was gained on outputs required and what success looked like (not simply a project timeframe).
- Initial work defined roles across the Partnership Trust and NHS SBS departments, scoping out stakeholders and governance; which was adjusted to suit the project requirements.
- Project meetings were set up, flexing in frequency and location to suit operational pressures and the project status.
- Additional processes were developed for project and configured to enable a move to business as usual.
- Policy documents and standards were established
- A series of metrics were agreed and maintained. Exceptions and highlighted issues managed and resolved throughout the project.
- An exit procedure was agreed with remaining risks and issued to be documented.

The project team worked with NHS SBS F&A clients implementing similar projects to generate 'best practice' guidelines and ran a session as part of their F&A client user forum to collect further information and 'lessons learned'. This process will continue to ensure that 'best practice' evolves to meet future procurement and F&A requirements.

These discussions revealed a method to control the backlog of PO notifications currently experienced by F&A teams. Switching off this functionality allowed the team to see where the notifications were being held and identify individuals in need of additional support and training for Oracle.

Linking in with NHS SBS Client Performance, who develop and deliver training for Oracle, to deliver a Requisitioner course to identified individuals was hugely significant in driving the success of the project.

Despite challenging time constraints, the project team delivered concurrent face-to-face training sessions (1:2 or 1:3), to train over 300 requisitioners. This method allowed for almost individual learning.

Training was carried out close to the project 'GoLive' date and proved crucial in limiting push back when the No PO No Pay system was implemented in January 2016.

In the first month the value of requisitions raised was £3,576,260 (an increase of over £1.5 million compared to December 2015), clearly demonstrating that the training succeeded in changing the culture and behaviour of the requisitioners.

Of this value, £2,056,257 was converted into purchase orders

(an increase of more than £1.25 million compared to December 2015).

Communication was key to speeding up project delivery and ensuring the success of the initiative:

- Project stakeholder groups were identified and mapped, with a full communications plan scoped out for each stage of the project. Each group received targeted communications.
- Communications for requisitioners focused on re-education. Weekly communications to staff that order goods and budget holders detailed changes and useful information.
- Supplier communications re-enforced the importance of the new policy to ensure they understood the impact of non-compliance with the critical project timeframes.

Going forward, ongoing communications internally and to suppliers will help to embed the change, reinforce new behaviours and ensure the new policy is sustainable.

The result

NHS SBS reviewed all suppliers accessed in the previous 13 months to rationalise the supplier base. This resulted in an approved list of 800 suppliers, reduced from 3,000.

The team streamlined product lines by creating a catalogue ordering processes for all products, developed smartforms to allow for accurate coding and ordering of service-based requirements and aligned suppliers to existing NHS SBS framework agreements.

Since the commencement of the project this has resulted in the creation of 36,629 catalogue lines (across 113 Trust-specific catalogues). The positive effect of this was demonstrated by the fact that 93% of PO's raised in January 2016 were ordered/ auto created via the catalogue

The over-riding objective of the project was to improve purchasing compliance from around 37% on the project 'go live' date.

The project has established:

- A full electronic audit trail of a purchase; from order to invoice payment.
- The compliance areas the Partnership Trust requires.
- Best practice and guidelines through engaging other NHS SBS clients that have carried out similar projects.

The No PO No Pay project team helped the Partnership Trust to embed a significant cultural shift, successfully changing the organisation's behaviour towards purchasing activities. This change effectively mandated a significant proportion of the Partnership Trust's influenceable non-pay spend.