

# PPN 03/21 SUPPLY CHAIN RESILIENCE



**BSO PaLS has a targeted approach to implementation for this PPN.**

## NEW APPROACH

BSO PaLS have conducted a detailed research project regarding Supply Chain Resilience (SCR) in terms of assessing a starting point for the organisation and to enable a plan of work to be developed to implement the PPN in full.

The research has indicated that BSO PaLS must strive to increase transparency in its supply chains. This process involves categorisation of commodities and contracts, followed by risk assessments utilising SCR related metrics. These risk assessments will help inform future resilience, contingency and disruption plans for HSC. An SCR tool is being developed for BSO PaLS to help assess supplier SCR in future tenders and provide guidance to PaLS and HSC staff tasked with managing contracts.

## *The main priorities for the project team are:*

- Quick wins
- Supply chain mapping
- Designing risk assessment process and assessments to identify high risk contracts
- Establish a central register for SCR risk evaluation and ongoing monitoring
- Staff Training – guidance documents and workflows for tenders related to SCR risk ratings
- Supplier and HSC engagement / education around SCR responsibilities
- Retrospective assessments
- Progressing pilot contracts / learnings
- Mitigation plans

## *Activities to Date:*

- The research project overview/ findings were presented to Executive team and at senior management level within PaLS. (May 22)
- A multi-location project team has been formed, focusing on creating a high-level plan, quick wins and deployment actions. (July 22)
- The project team has reported back to the Senior Management team and shared a high-level plan and key priorities. (Sept 22)
- PaLS communicated SCR PPN responsibilities to all HSC Trusts at senior level (Dec 22 – Mar 23)
- HSC supply base (PaLS contracts and frameworks) has been categorised with regards to strategic importance to HSC operations (Apr 23).
- PaLS established contracts register dedicated to SCR risk rating and monitoring (May 23)
- SCR Assessment Questionnaire issued to all suppliers appointed to 'strategic' HSC contracts and frameworks (Apr/May 23). SCR risk to be recorded and monitored in SCR central register.
- SCR RAG risk rating tool for contracts has been shared internally which can be utilised to monitor performance against SCR metrics and inform future tender strategies within specific commodity areas (May/June 23)
- PaLS training guidance, including guidance and workflows dependent on SCR risk status, is nearing completion in preparation for SCR discussions/ evaluations in pre-tender work (June 23).
- Potential pilot tenders for SCR evaluations have also been identified (prospective work). An update on potential case studies will follow in due course.



BSO PaLS resources do not currently facilitate a full review of supply chain resilience in terms of current contracts (retrospective), albeit current contracts are still being SCR risk rated. BSO PaLS resources are still focusing on managing price volatility as well as the unprecedented levels of supply chain disruption, due to global issues, such as Covid-19 and EU Exit aftermath, and the Russia/Ukraine conflict.

Regarding reporting, BSO PaLS are identifying fields within its live Sourcing Register that will facilitate automated reporting in the future.

### ***Existing Approach to Supply Chain Resilience:***

BSO PaLS have always had a number of approaches to supply chain resilience, and some examples have been noted below.

## **WAREHOUSES**

We have multiple warehouses, located across NI, where we hold stock items based on weekly forecasts to ensure continuity of supply. Our inventory staff monitor stock levels and raise alerts accordingly, for example, regarding irregular usages or low stocks.

A “live” report has been developed which highlights stock levels vs forecast vs expected due dates and assists with expediting orders etc. There are currently approximately 2,800 product lines stocked. This report is monitored daily by inventory staff and weekly in an Operational review with Inventory Control managers and Procurement managers. The purpose of the monitoring is to identify and mitigate any risks of stock outs and to solve any current issues as well as ensuring open lines of communication.

BSO PaLS created an Aide Memoire in January 2022 for procurement staff. This is a step by step guide / checklist to ensure staff are equipped to mitigate any supply chain disruption

## **PPE**

*Within the PPE category, stocks are measured and managed extremely carefully against forecast and weekly usage, with multiple suppliers and back up suppliers in place to ensure resilience. Stocks, usage and orders are currently reviewed daily by operational staff, weekly by management and bi-monthly by Senior Management. Senior management will also get involved in strategy for sourcing and mitigation of any risks and resolution of any issues due to the critical nature of PPE during the pandemic.*

*BSO PaLS have also sourced the FFP3 masks from a local supplier which has improved supply chain resilience as previously they were sourced in China. BSO PaLS are now investigating how these masks can be recycled to further improve supply chain resilience and to promote the circular economy. This is currently in a pilot phase and the manufacturer has partnered with a local recycling specialist company.*

*BSO PaLS are also investigating with suppliers how extension of the shelf life can be achieved to improve the overall life of Type 11R masks and minimise any obsolescence.*



## **FOOD**

*Within the food category, BSO PaLS currently manage a portfolio of regional food contracts on behalf of Health and Social Care in NI. This includes ambient, chilled, fresh and frozen products with a total spend of circa £11m per annum across almost 2,500 product lines.*

*The timely supply of food to Trusts is critical to ensure a quality patient feeding experience can be delivered to some of the most vulnerable people in society. Alongside this market capability and capacity to service HSC food service contracts on a regional basis is currently limited in NI therefore this category needs to be managed accordingly given the potential impact of any supply chain disruption will have on the service provided to patients, staff and visitors.*

*As a result of EU Exit, the Covid-19 pandemic and more recently the situation in Ukraine, PaLS have increased its level of supply chain resilience planning and activity, in this area, as follows:*

- ◆ Focus on mapping of supply chains that are dependent on just in time delivery including chilled and fresh products to ensure contingency arrangements are in place to mitigate any impact of disruption. This has resulted in some products now being sourced locally and local distribution/storage facilities being reorganised to reduce risk and shorten supply chains.
- ◆ Identification of key product lines and potential for suppliers to hold additional stockholding. In addition BSO PaLS holds hundreds of ambient products in its warehouse which are ordered via electronic catalogue which assists with accuracy of forecasting and early identification of supply chain issues.
- ◆ Regular meeting with key food service suppliers to identify any product availability issues in a timely manner and price pressures due to ongoing global uncertainty and volatile food supply markets
- ◆ Continued use of lots to spread risk across the current supply base in NI

All current contract renewals are subject to extensive market engagement exercises and include specifically all aspects of social value and in particular supply chain resilience/delivering zero carbon and subsequent scoring of these as part of the tender evaluation process.

In terms of reporting BSO PaLS are identifying fields within its live Sourcing Register that could be used to track inclusion of high-risk supply chain contracts and the approach that has been used to improve supply chain resilience.