



PPN 03/21 SUPPLY CHAIN RESILIENCE



BSO PaLS has a targeted approach for compliance with this PPN.

BSO PaLS conducted a detailed Supply Chain Resilience (SCR) exercise to assess and establish a starting point for the Organisation, and to enable a plan of work to be developed. A project team was set up to do this and PPN 03/21 has now been implemented in full with:

- a. the full portfolio of contracts being categorised and recorded on PaLS' systems as either strategic or non-strategic (and strategic contracts further rag rated as red, amber or green in terms of SCR) and
- b. All tender processes now, as part of the initial strategy, requiring this categorisation and ranking which is achieved through market engagement at the beginning of the process.

Depending on categorisation of the tender/contract, appropriate resilience measures are put in place.



Supply Chain Resilience Case Studies

Medical and Surgical (Equipment and Consumables)

➤ **Patient Warming Systems**

This contract is for the supply of patient warming machines, blankets and gowns and categorised as strategic, rag rated red for SCR.

To ensure SCR, tenderers were asked to provide responses to questions regarding maximising security of supply and a weighting of 10% was allocated as part of the award criteria. Questions included information to be supplied in respect of stockholding and contingency arrangements.

The contract was awarded to one supplier. During the initial contract period there was a major supply issue on one of the critical products. Due to the SCR incorporated into tender, the risk of shortage of product for HSC customers was eliminated as alternative product was quickly provided until supply issues on original product were resolved.

This contract has since been running with no supply chain issues.

➤ **Blood Cardioplegia**

A strategic contract, rag rated red in terms of SCR. To ensure SCR this contract was awarded to two suppliers with the top scoring bidder awarded 60% of the business and the second top scoring bidder awarded 40% of the business. This solution offers Trusts the benefit of having two compliant procurement options to spread the risk and decrease the likelihood of disruption to HSC supply.

This contract has been running with no supply chain issues.

➤ **Surgical Gowns**

A strategic contract, rag rated red in terms of SCR. To ensure SCR, PaLS holds a 4-6 week buffer stock on behalf of HSC Trusts in one of our Regional Distribution Centres. When PaLS awarded this contract, it was awarded for a sole contractor and in addition, to a first ranked and second ranked reserve contractor. The benefit of this approach is that PaLS can save time during the resourcing process if supply disruption were to be experienced via the lead contractor; rank 1 and rank 2 reserve contractors can be approached with the compliant arrangement already in place. Many of these items are manufactured in high risk geographical areas and therefore reaction timing is important as soon as PaLS would be made aware of potential shortages.

This contract has been running with no supply chain issues.



Supply Chain Resilience Case Studies

Food

BSO PaLS manage a portfolio of regional food contracts on behalf of Health and Social Care in NI. This includes an extensive range of ambient, chilled, fresh and frozen products with a total spend of circa £25m per annum across almost 2,500 catalogue 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 and to also provide a comprehensive catering service to all HSC staff and visitors. Alongside this market capability and capacity to service these contracts on a regional basis is currently limited and 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 BSO PaLS have continued with increased levels of supply chain resilience. Planning and activity in this area are as follows:

- Mapping of supply chains where applicable that are dependent on just in time delivery 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 assisting with accuracy of forecasting and early identification of supply chain issues.
- Regular meetings with key food 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 where applicable to spread risk across the current supply base in NI.

➤ **Supply of Frozen Foods (Contract 4083409 March 2024 - February 2027)**

The supplier of the above is located in ROI but acquired an additional facility in NI to support increased stockholding (which was a condition of the new contract) and which reduces any impact of supply disruption to critical Dysphagia and Frozen Ready Prepared product lines to HSC customers. In addition, PaLS in the new contract have introduced the need for quarterly review meetings which focus principally on all supply chain issues. This has considerably reduced the impact of any disruption in the supply chain compared to the previous arrangements.

All current contract renewals are subject to extensive preliminary market engagement exercises which allows for potential inclusion of 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 have identified fields within its live Sourcing Register that can be used to track inclusion of high-risk supply chain contracts and the approach that has been used to improve supply chain resilience.



Supply Chain Resilience Case Studies

Medicines

Within the BSO pharmacy procurement team, supply continuity and supply chain resilience has been at the forefront of our contracts and approach to contracting for a number of years. BSO PaLS Pharmacy category currently operates a range of solutions for Trusts to access medicines via a compliant route. These solutions include a Dynamic Purchasing System (DPS), Frameworks and Contracts and caters for a range of supply routes, e.g. direct from manufacturer, via wholesaler, via homecare provider. The portfolio also includes solutions for the storage and transportation of medicines, vaccines and products required in the event of a health emergency. Throughout the delivery of the procurement programme of work, we have made a number of improvements to focus on supply chain continuity and resilience; these are outlined below:

➤ **DPS**

Competitions are run 6 monthly for a range of medicinal products (typically 400 – 600 product lines per competition) with bids invited from the circa 140 suppliers on the DPS. The criteria to assess tender submission for the DPS competitions includes a number of criteria focussed on increasing supply continuity. In the most recently awarded competition, **5417226 Generic, Branded Generic and Proprietary Medicinal Products 'Group 15'**, the following criteria was applied which focussed primarily on supply continuity and resilience:

- Weighted score for stockholding – suppliers were awarded marks based on the number of weeks stockholding they agree to maintain per product line, up to a max of 8 weeks. This helps focus attention on and encourage, healthy stock holding levels which is critical to the successful management of medicines supply. Trusts have limited capacity for significant stock holding at hospital/ ward level and rely on the necessary stock holding offered from our contractors to help meet increasing demands and cope with fluctuating/ seasonal trends in usage.
- Weighted scoring for use of wholesaler – suppliers were awarded marks based on the use of a wholesaler as part of their supply distribution model. This helps provide additional stock holding capacity (over and above the stockholding of the supplier) and provides an additional layer of resilience within the supply chain.
- Weighted scoring for same working day delivery – suppliers were awarded marks based on their ability to offer same working day delivery. This helps encourage local stockholding and ensures that suppliers appointed are capable of providing a flexible service to Trusts and respond to trends in demand, including urgent deliveries.

These scores were combined with other weighted elements of the tender submission to help produce a final tender score, which was the basis for the award. Applying weighted criteria focussed on supply continuity measures helps drive the outcome of the tender towards suppliers who have more stable supply routes with the use of wholesale partners and increased stockholding, which ultimately the customers benefit from.



Supply Chain Resilience Case Studies

The DPS allows for committed contracts to be awarded against projected volumes and as a result of this commitment, suppliers are provided with the assurances to enable them to put in place the appropriate supply chain measures to ensure fulfilment of their contractual obligations throughout the term of the contract. Through the award of a contract, we secure better commitment from suppliers, protection for the Trusts in the event of a supply chain failure (with the ability to claim back any additional costs associated with an alternative supply route). The use of the DPS to award contracts has resulted in increased stability in supply routes.

As an additional measure to assist awarded suppliers with forecasting and supply management, PaLS (with the assistance of the Regional Pharmacy Procurement Service) provide updated usage to suppliers at various points within the contract life cycle. This enables suppliers to be formally alerted to changes in demand, which enables their manufacturing capacity within their supply chain to be adjusted accordingly. This helps prevent over-production of medicines where there is not the necessary demand and also ensures that any increases are alerted to the supply chain to help prevent future supply issues due to forecasting/ demand planning.

➤ Frameworks

Within the portfolio a number of Frameworks have been established. These frameworks provide access to multiple suppliers and are typically used to access more complex medicines or where access to a broad range of products are required. Frameworks **3081940 Medicinal Products and Pharma Funded Homecare**, and **3108130 Aseptically Prepared Unlicensed Medicines**, both provide access to complex medicines such as biosimilars and unlicensed medicines. The framework allows for the most appropriate product to be selected based on the need of the patient and access to alternative suppliers and products. It also provides the Trusts with compliant access to new products throughout the term of the framework. This increased access to alternative supply routes and product ranges helps reduce dependency on single supply chains.

As an additional measure to ensure Trusts can access medicines they require, framework **5009879 Medicinal Products Distribution and Associated Services** was established. This framework provides access to wholesale services and is therefore designed around a wholesale service as opposed to being product specific. This ensures an additional compliant supply route exists for Trusts to access products which cannot be accessed via the more typical contract routes or where there has been a failure in an existing supply chain (for example where a contracted supply route fails or there is a contract termination).

➤ Strategic contracts for the storage of medicines and vaccines

Contracts that are of particular strategic importance, for example for the storage of vaccines, are designed to ensure supply is protected and service continuity is maintained. For example, contract **1647840 Storage and Distribution of Products for use in a Health Emergency**, contains a stipulation for the supplier to have two warehouses at different locations, with stock holding split across the two sites. This measure ensures that in the event of a failure at one warehouse, product can still be accessed from the second site, such is the criticality of this service.