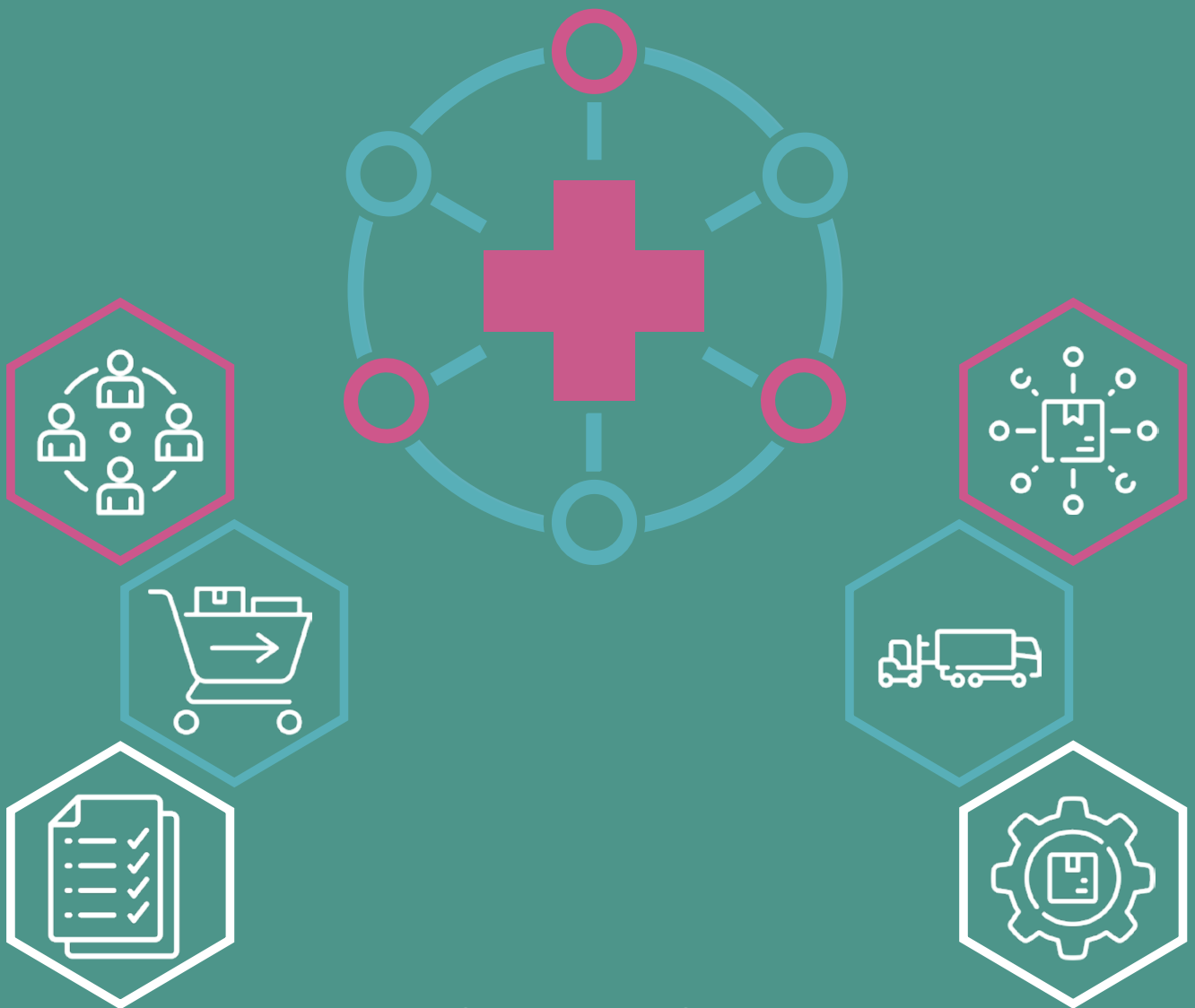




# HSE Corporate Procurement Plan 2022-2024



**Security of Supply**  
**Supporting Patient Care**  
**Compliance**  
**Value for Money**

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## Welcome from the Chair of the HSE Board

On behalf of the Board, I am pleased to present the HSE Corporate Procurement Plan 2022-2024. This is the first Corporate Procurement Plan that this Board has produced since being established in June 2019.

The timely delivery of goods, services and works are crucial for the delivery of health and social care to the population of Ireland. The procurement spend on goods and services accounts for nearly €3.7bn of annual spend within the HSE budget of €21bn (2022 commitment).

To help deliver our services, procurement activities within the HSE react, adjust and support emergency action plans. Procurement activities also help deliver on regulatory requirements such as the EU Medical Device Regulations, health and safety requirements and the broader Environmental, Social and Governance (ESG) agenda.

The HSE has an extensive network of suppliers that we interact with. Continued strong engagement with our current and prospective suppliers will be needed to help us in transforming how we deliver our services and achieve agreed Sláintecare objectives.

Procurement activities also help support wider societal goals. This includes continued North and South collaboration and governmental commitment for the Global Health Programme. The programme fosters innovation in health service delivery and supports sustainability and social responsibility efforts in lower and middle income countries.

### Purpose of the HSE Corporate Procurement Plan 2022-2024

This plan sets out the key priorities to be delivered over the next three years to improve and enhance procurement activities within the health service.



The Corporate Procurement Plan also addresses a key Department of Public Expenditure and Reform requirement where Section 8.20 of the Code of Practice for the Governance of State Bodies (2016)<sup>1</sup> requires that:

“all non-commercial State bodies complete a Corporate Procurement Plan. This plan is underpinned by analysis of expenditure on procurement and the procurement and purchasing structures in the organisation.”



The Code is based on the underlying principles of good governance, accountability, transparency, probity and a focus on the sustainable success of the organisation over the longer term.



*Ciarán Devane*  
Ciarán Devane  
Chair HSE Board

## Introduction from the CEO

The HSE is the largest public sector organisation in the State with some 131,000 whole-time equivalent positions across healthcare in Ireland and a budget of almost €21 billion. The HSE is accountable for **effective and compliant procurement that delivers value for money with security of supply.**

Public investment in healthcare services focuses on delivering core services and supporting the resilience and preparedness of the health service to respond to urgent requirements. It also supports initiatives to advance health service transformation in line with agreed Sláintecare<sup>2</sup> priorities. It is critical that procurement spend on goods, services and works is carried out in a transparent and efficient manner.

A key part of improving efficiency is transforming our ways of working around procurement activities. Central to that is the Financial Reform Programme and the implementation of the Integrated Financial Management System (IFMS). It requires strong and proactive participation from our suppliers.

The health service has a significant role to play in achieving Ireland's climate action obligations. Again, we must work with our suppliers to deliver tangible changes to meet our obligations.

## Achieving Our Objectives

This HSE Corporate Procurement Plan 2022-2024 sets out the key actions that we will take to support the HSE's corporate objectives, increase the level of procurement compliance and help the HSE meet its obligations in terms of accountability.

The plan will address the challenges that currently exist within our procurement activities including making available integrated and user friendly procurement technology that yields actionable spend analytics. This high-level Corporate Procurement Plan is underpinned by operational plans and actions across the HSE.

Delivering this Corporate Procurement Plan helps us to achieve our procurement mission to:

- Support service delivery across the health sector.
- Maintain effective governance and compliance.
- Achieve greater value for money to support reinvestment into patient care and service delivery.



Stephen Mulvany  
Chief Executive Officer

## The HSE at a glance in 2021



>910,000

Contacts with GP Out of Hours Services



1,552,000

Medical Cards



54,000

People in Receipt of Home Support



65,000

Referrals to Community Intervention Teams



>595,000

Inpatient Discharges



1,015,050

Day Cases



1,170,000

ED Attendances



59,000

Births

## Procurement in the HSE

To support the delivery of health and social care services, the HSE, as the largest purchaser in the State, has a procurement spend of approximately €3.7bn on goods and services on an annual basis. This ranges from items such as medicines, personal protective equipment and medical equipment through to ICT systems. In addition, the Capital Works Programme also incurs an annual spend of circa €1bn<sup>3</sup> on healthcare related construction activities that are subject to public procurement requirements.

The HSE delivers services in a highly regulated environment with the emphasis on delivering effective and safe patient care. Procurement activities also take place within a regulated environment underpinned by complex EU and national legislation.

### Procurement Objectives

	<p>Support service delivery across the health sector</p>	<ul style="list-style-type: none"> <li>• Provide continuity of supply; ensuring availability of appropriate quality goods and services where needed, when needed</li> </ul>
	<p>Maintain effective governance and compliance</p>	<ul style="list-style-type: none"> <li>• Ensure the HSE and all staff members comply with procurement Directives, Legislation, Circulars and other legal requirements</li> </ul>
	<p>Achieve greater value for money to support reinvestment into patient care and service delivery</p>	<ul style="list-style-type: none"> <li>• Ensure that purchasing is carried out in a coordinated and strategic manner that maximises opportunities for savings and improved compliance</li> </ul>
	<p>Facilitate environmental, societal and economic objectives through procurement</p>	<ul style="list-style-type: none"> <li>• Encourage and stimulate opportunities for green procurement, innovation, social inclusion and participation by SME's and Micro Enterprises in the procurement process</li> </ul>

Cross-functional teams analyse markets, define products, agree specifications of requirements and evaluate tender responses. At times it can be difficult to mobilise those teams given the commitment to deliver patient care and rapidly adjust to emerging healthcare needs.

Against this backdrop, procurement compliance can vary depending on interpretation of regulations, particularly in the context of estimating contract value i.e. aggregated to HSE level or at budget holder level. Procurement processes and systems are currently fragmented which impacts on spend visibility, control and compliance. Addressing this challenge is the subject of a major reform programme, the Financial Reform Programme.

This Corporate Procurement Plan will address the challenges that currently exist within procurement activities.

## Key Drivers Influencing Procurement

The HSE manages its services via a structure designed to put patients and clients at the centre of care delivery. The health sector is changing as a result of various demographic, organisational, resourcing and clinical factors. These factors mean that future healthcare systems will need to be radically different in order to respond efficiently and equitably to forecasted demand.

There are a number of key drivers influencing the evolution of Procurement activities within the HSE:



### Sláintecare

The HSE is currently implementing Sláintecare, an ambitious ten-year programme to transform our health and social care services. A key component is the establishment of six Regional Health Areas<sup>4</sup>, replacing the current Hospital Groups and Community Healthcare Organisations, and supported by a rationalised HSE Centre organisation. Procurement activities and services will adjust accordingly to support local, regional and national procurements.



### Health and Social Care Needs of our Population

An effective and reliable supply chain is a key ingredient to enable the HSE to meet the evolving healthcare needs of our population in an effective, safe and timely manner. To address current and novel illness and infections, the healthcare system must be able to rely on and engage with suppliers and industries to identify and secure the supply of solutions it requires.

One of the key learnings from the COVID-19 pandemic is the need to be able to use our procurement processes to respond to significant clinical issues such as:

- Vaccination Guidance – procurement of vaccines.
- Clinical Guidance on use of ventilators – procurement of ventilators.
- Clinical Guidance on appropriate use of PPE – procurement of PPE.

Other events such as the cyber-attack and geo-political actions also demonstrate how important it is for the HSE to have a secure supply chain enabled through procurement.



### HSE Corporate Plan 2021-2024

The HSE has developed a Corporate Plan<sup>5</sup> that details the organisational objectives up to 2024. This Corporate Procurement Plan is fully aligned with the overall HSE Corporate Plan 2021-2024 and will support the achievement of the organisational objectives and the National Service Plan.



### **One Voice**

The health service must continue to strengthen its “One Voice for Health Procurement”<sup>6</sup> approach to health specific procurement. This includes developing greater transparency and sharing of cost and price information across the publicly funded health service. Closer integration with the Office of Government Procurement (OGP) will also strengthen the alignment with the overall public sector “One Voice”<sup>6</sup> approach for procurement. One Voice also extends to our suppliers, where the health service continues to seek to deepen collaborative partnerships underpinned by strengthened supplier relationship management.



### **Climate Action and Sustainability**

The Climate Action Plan 2021<sup>8</sup> provides a detailed plan for taking decisive action to put Ireland on a path to reach net-zero emissions by no later than 2050. The role that the public sector has to play in leading by example is critical. It brings a commitment to developing and implementing a sustainable public procurement policy that ensures that what we are buying and building is consistent with our climate ambition. As the largest purchaser of goods, services and works in the State, the health service will play a central role in delivering greener public procurement. Our suppliers will need to prepare themselves in order to be able to continue to work with us to achieve our sustainability goals.



## Future of Procurement

Through the Finance Reform Programme<sup>9</sup>, the HSE is currently implementing a new Finance Operating Model. The programme will deliver better financial and procurement information and a strengthened system of internal controls. Optimised and standardised processes will be enabled through leading technologies.

Significant engagement within the health sector and impacted stakeholders will take place to implement the new Finance Operating Model and embed the new ways of working identified in the Irish Health Service Financial Management Framework<sup>10</sup>. Engagement and relationship management between end-users and procurement services will be strengthened to ensure that procurement activities are optimised. A fundamental project within the Finance Reform Programme is the implementation of the Integrated Financial Management System (IFMS):



### Integrated Financial Management System

Fundamental to the operation of our procurement activities in the future is the implementation of IFMS. IFMS is a single National Financial Management and Procurement System to be deployed across the publicly funded HSE run health and social care system, as well as our larger publicly funded partner Voluntary Organisations involved in social and community service provision, including disability services as well as acute hospital care.

Subject to governance approval of a detailed project plan from the new system integrator whose appointment is imminent, the implementation of IFMS will proceed as follows:

- Design Validation, Build, Test commenced – Q3 2022.
- First go-lives of directly run eastern part of the HSE (Statutory) plus early adopter Voluntary Organisations – 2023.
- Remaining go-lives of directly run HSE sites and early adopter Voluntary Organisations – 2024 and 2025 (this results in 100% coverage of the Statutory System and over 80% of the entire publicly funded health and social care system).
- Larger Voluntary providers go-lives 2026 and 2027 (resulting in 90% of the full health and social care system on IFMS by 2027).

### Enabling Procurement Self-Service

The procurement processes enabled by IFMS will help facilitate procurement self-service and procurement compliance across our user base. Enabled by dedicated IFMS Change Management activities, procurement will take place in three main ways:

- **Self-service for procurements under €25,000:** Users will use the technology provided by IFMS and be guided by online training programmes/materials as well as being supported by a Procurement Helpdesk.

- **Self-service for procurements over €25,000** and below a defined value (e.g. €150,000) where user has the requisite level of seniority, has attended specific training (and any relevant refresher courses) and appropriate checks have taken place to ensure that there are no other similar procurements taking place that would benefit from consolidating the procurement activity. Users who conduct self-service procurement activities over €25,000 will have support from the Procurement Helpdesk and assisted sourcing guidance if needed during the procurement process.
- **Procurement Shared Services supported:** Where procurements exceed the threshold for self-service, procurement activities will be supported by Procurement Shared Services.

## Working with Suppliers

The implementation of IFMS and first go-live of sites in 2023 will bring about changes in how the HSE will engage and collaborate with suppliers. It is important that suppliers are proactive and begin to ready themselves for new ways of working with the HSE. These new ways of working and engagement include:

- **Centralised invoicing and data capture:** When the first IFMS sites go-live in the east, the HSE will only be accepting invoices that are received in one central location. All invoices are expected to progressively be received in an electronic format that lends itself to automated processing. During the invoicing process, it is the intention of the HSE to obtain additional information that suppliers would have relating to cost breakdowns. This additional detailed information is to assist the HSE in the delivery of its services. Examples of additional information include Utility charges (key data around KWh, hours on saver rates etc.) and Service charges (whether based on hours, sq.m etc.). Information will be required to be provided by suppliers in a method that enables data capture in an automated way.
- **Transparency across the health sector:** IFMS and unique identifiers will facilitate greater transparency within directly run public and wider publicly funded voluntary sector (larger agencies) around price and volume of procurable goods to ensure value for the taxpayer in line with government policy. This includes greater transparency around the breakdown of costs that make up the provision of goods and services. Greater transparency also includes increased sharing of cost and price information across the publicly funded health service.
- **Unique Material and Service Codes:** To comply with Medical Devices Regulation EU 2017/745, and support IFMS standardised master data management design principles, the HSE is working with suppliers to capture unique codes/Unique Device Identifiers (UDIs), and the United Nations Standard Product and Services Classification (UNSPSC) code, for all procured products and services.

In addition to the ways of working identified above, the HSE will strengthen supplier relationship management practices with regular contract performance review activities taking place with key suppliers.

The HSE recognises that these new ways of working will require our suppliers and partners to make adjustments. We are committed to engaging and collaborating with the supplier market including suppliers themselves, trade representative bodies such as Irish Small & Medium Enterprises (ISME) and Irish Business & Employers Confederation (IBEC), regulatory authorities such as Health Products Regulatory Authority (HPRA), strategic partners such as Enterprise Ireland and the Industrial Development Agency (IDA) along with international associations including embassies and Cooperation And Working Together (CAWT). These engagements will aim to not only shape and influence these new ways of working, but to also make the transition as efficient as possible.

Ultimately, these new ways of working will be reflected in our tender documentation and the terms and conditions with which suppliers do business with the HSE. It will be increasingly challenging to accommodate potential suppliers who cannot meet these requirements despite reasonable notice and collaboration.

## Enabling Sustainable and Greener Public Procurement



An action in the Climate Action Plan 2021 mandates the development of clear leadership across the health sector around sustainability and climate change. To achieve this, we will promote **awareness** of climate change and sustainability measures across the health service and develop and deliver appropriate **training** relating to the Climate Action Plan.

Evolving our procurement practices to promote greener goods and services will also be an important part of our commitment. Alongside the OGP who will update all procurement frameworks, in line with green procurement practice by 2023, the HSE will adjust evaluation criteria to give appropriate weighting to products and services that assist the HSE in delivering on the governmental commitment to reduce Ireland's greenhouse gas (GHG) emissions by 51% by 2030, and to become climate neutral no later than 2050.

We commit to and indeed welcome engagement with suppliers to help us understand how best to achieve this objective while also operating within existing overall total cost levels for any category of goods or services albeit the opportunity may exist for marginally higher unit prices if through innovation around utilisation volumes and lifespan etc. overall costs can be kept stable/in line with inflationary growth that would be responded to in any event.

## Procurement Spend Under Management

The HSE procures approximately €3.7bn on goods and services on an annual basis. The HSE Spend Under Management (SUM) at the end of March 2022 was 49%. SUM is spend that is actively managed by procurement and finance professionals across the health sector to optimise compliance.

The HSE tracks the SUM across the main categories of spend and has targets in place for each category.

Category of Spend	Value of Spend*	Sector Specific Categories		SPEND UNDER MANAGEMENT					
		HSE	OGP	March 2022 Actual**	March 2022 Actual %	End 2022 Target ***	End 2022 Target %	End	End
								2024 Target ***	2024 Target %
Laboratory	€662m	€662m		€414m	63%	€447m	68%	€554m	84%
Drugs	€626m	€626m		€213m	34%	€423m	68%	€525m	84%
Locum/Agency	€574m	€517m	€57m	€292m	51%	€388m	68%	€481m	84%
Med/Surg Supplies	€592m	€592m		€200m	34%	€400m	68%	€496m	84%
Professional Services	€318m	€255m	€64m	€210m	66%	€215m	68%	€267m	84%
Computer	€230m	€161m	€69m	€169m	73%	€169m	73%	€193m	84%
Cleaning & Washing	€169m		€169m	€125m	74%	€125m	74%	€142m	84%
Other Medical Equip	€126m	€126m		€26m	20%	€85m	68%	€105m	84%
Catering	€75m		€75m	€27m	36%	€51m	68%	€63m	84%
Heat Power & Light	€73m		€73m	€70m	96%	€70m	96%	€70m	96%
X-Ray/Imaging	€69m	€69m		€22m	32%	€46m	68%	€58m	84%
Transport (Patient)	€66m		€66m		0%	€45m	68%	€56m	84%
Education & Training	€54m	€27m	€27m	€4m	7%	€36m	68%	€45m	84%
Furniture	€24m		€24m	€5m	19%	€16m	68%	€20m	84%
Vehicles Run costs	€22m		€22m		0%	€15m	68%	€19m	84%
<b>Total of the Top 15 categories</b>	<b>€3,680m</b>	<b>€3,034m</b>	<b>€646m</b>	<b>€1,775m</b>	<b>48%</b>	<b>€2,531m</b>	<b>69%</b>	<b>€3,092m</b>	<b>84%</b>

\* Spend is based on latest four quarters - Q1 2022 and Q2,3,4 2021 (FSS - Finance Shared Services)

\*\* Actual contracted value as of the end of Q1 2022 (PPMS - Procurement Planning Management System)

\*\*\* Forecasts based on target goals set for end of 2022 at 68% and end of 2024 at 85%

Note: The annual Capital Works programme, which consists of all healthcare related construction activities amounting to circa €1bn in 2022 is underpinned and set out in the 2022 Capital Plan. This is not included in the table above.

OGP categories equate to 18% of overall target

The overall SUM target for the end of 2022 is 68% and a target of 85% by the end of 2024. As part of Multi-Annual Procurement Planning, category based plans are in place to increase SUM levels.

SUM is reported on quarterly to the Chief Financial Officer.

# Procurement Responsibilities

The government procurement model promotes a single integrated procurement approach for the health sector, incorporating the HSE and all healthcare agencies and institutions which are in receipt of government funding. This includes Corporate Services, seven Hospital Groups, nine Community Health Organisations (CHOs), Section 38 and Section 39 Agencies and Tusla.

## Collaboration with the Office of Government Procurement on Common Categories

The HSE and the OGP collaborate extensively around the procurement of framework and contract arrangements for common categories of expenditure that the OGP coordinate. We continue to evolve the split of responsibilities between the HSE and the OGP and hold each other to account for delivery of commitments. The HSE Strategic Sourcing Rapid Response Team also manages the transition of OGP common category procurement requirements currently led by the HSE to the OGP.

### OGP Common Categories

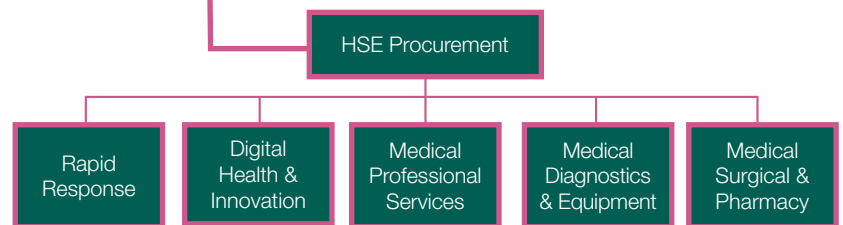
- Professional Services
- Facilities Management & Maintenance
- Utilities
- ICT & Office Equipment
- Marketing, Print & Stationery
- Travel & HR Services
- Fleet & Plant
- Managed Services

### Sector Specific

- Medical Professional Services
- Medical & Diagnostic Equipment & Supplies
- Medical, Surgical & Pharmaceutical Supplies
- Minor Building Works & Civils
- Plant Hire
- Veterinary & Agriculture/Library Book Purchase
- Laboratory, Diagnostics & Equipment
- Defence & Security

### HSE Led Sector Specific Categories

The HSE leads on the procurement for health sector specific categories as outlined (left) and unique health needs not addressed within other sector led categories. The HSE leads procurement activities on Digital Health and Innovation, and a Strategic Sourcing Rapid Response Team to meet urgent requirements.



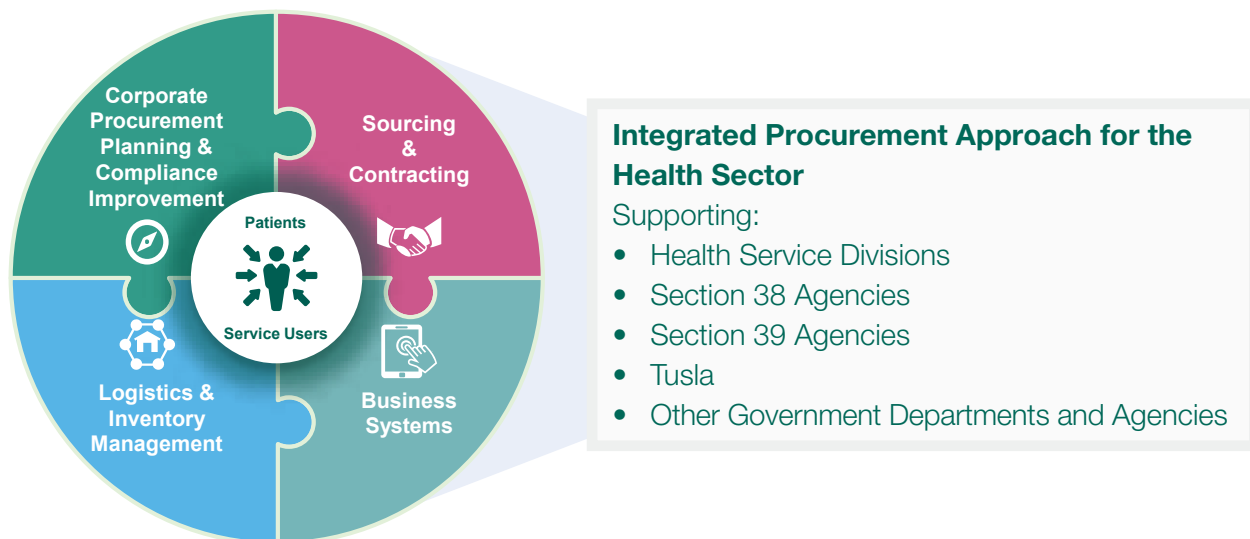
### HSE Led Categories

## Supporting other Government Departments and Agencies

The HSE also conducts strategic sourcing procurements for other government departments and agencies when their procurement relates to health specific categories. These include the Department of Education, the Defence Forces and An Garda Síochána.

# Enabling Procurement

In addition to self-service procurement within certain thresholds by budget holders, the procurement of goods, services and works is achieved through an end-to-end procurement process that draws on four core capabilities:



**Corporate Procurement Planning & Compliance Improvement**

Responsible for coordinating multi-annual procurement planning, procurement relationship management, compliance improvement and capacity development across Hospital Groups, CHO's, Section 38 and 39 Agencies and Corporate Services.



**Sourcing & Contracting**

Operates on a public sector wide basis in collaboration with the OGP and directly procures and establishes compliant contracts for the health specific expenditure categories.

Sourcing and establishment of contracts to enable self-service procurement.



**Logistics & Inventory Management**

Manage the purchase, storage and distribution of goods to optimise efficiencies for service delivery.

Drives greater efficiencies through management of stock at the point of use.



**Business Systems**

Provide business and system analyst support for procurement related systems including the Integrated Financial Management System (IFMS).

The provision of self-service procurement within thresholds through digital enablement.

## Capital and Works Programme

The delivery of the annual Capital Works Programme, which consists of all healthcare related construction activities such as new builds, refurbishments, fit-outs and equipping, amounting to circa €1bn in 2022 is underpinned and set out in the 2022 Capital Plan<sup>3</sup>. The procurement and delivery of this distinct work stream is managed specifically by the HSE's Capital & Estates team under the direction and management of the National Director of Capital & Estates.



### Capital and Works Procurement

The Capital & Estates team charged with this responsibility is made up of experienced professionals from across a range of technical disciplines such as Architects, Engineers, Quantity Surveyors, Health & Safety and Procurement specialists all of whom are experienced in procuring and delivering construction projects representative of the diverse patients' needs and demands being placed on the health service.

A strict governance protocol is at the core of the Capital & Estates team delivering both regional and national programmes and projects. This governance protocol which is set out in the HSE's 'Capital Projects Manual & Approvals Protocol' document is embedded with 'best practice' approaches with respect to the procurement of our Design Team consultants and our Construction partners and aligns to all relevant national and international procurement rules and regulations, the Capital Works Management Framework (managed by the Office of Government Procurement). Work is currently ongoing to align the HSE's 'Capital Projects Manual & Approvals Protocol' with the updated Department of Public Spending & Reform's Public Spending Code. Capital & Estates have also developed and maintain a National Design Team Services Frameworks for the procurement of Design Team consultants. These frameworks have been established in order to provide a consistent national approach to the procurement of Design Team services for healthcare related projects, the duration of these particular frameworks coincide with both this HSE Corporate Procurement Plan, operational plans and actions across the HSE.

In the normal way when managing such an extensive capital budget and the upkeep of a national estate, the Capital & Estates team regularly review and update governance protocols to ensure that they are representative of current best practice with respect to procurement and overall project management and delivery approaches.

## Procurement in the HSE



**>15k Suppliers**



**€3.7bn Annual Spend**



**55% of Suppliers  
Receive <€5k Per  
Annum**



**Top 400 Suppliers  
Account for c.80% of  
Spend**



**Top 10 Suppliers  
Account for c.25% of  
Spend**



**430 Point of Use  
Locations (NDS)**



**>4.7k Stock Items  
(NDC)**



**>12k Cost Centres  
Supported**



# Procurement Management Priorities 2022-2024

The HSE is committed to achieving value for money and conducting all procurement activities in a fair and transparent manner. As part of that commitment, the procurement priorities within this Corporate Procurement Plan outline the measures that the HSE will take over the next three years to continue to enhance procurement services, deliver greater value for money, drive improved compliance with procurement regulations and support the ongoing transformation within our health service.

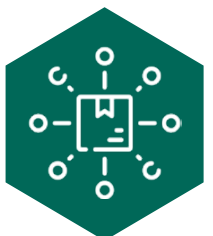
## Key Enablers

In addition to requirements around funding and resource provision, the following enablers must be put in place in order to successfully deliver the Procurement Management Priorities 2022-2024:

- Change management support to implement new operating models, structures, processes and ways of working.
- Formal agreement of the distribution of roles and responsibilities between the HSE and the OGP regarding procurement activities in common categories across the public sector. This is targeted for end of Q3 2022 and annual updating thereafter.
- Enhanced collaboration between the HSE and Section 38 and Section 39 organisations including development of a unified multi-annual procurement plan for the health services with respective agencies taking the lead on conducting tender competitions for categories of goods and services for which they have a special interest.
- Optimised engagement methods with service areas supported by revised structures including the sanctioned procurement compliance business analysts to coordinate and support multi-annual procurement plan and compliance improvement initiatives in each service area.

## Procurement Management Priorities

The Procurement Management Priorities centre around four main objectives:



**Multi-Annual  
Procurement  
Planning**

Actions to ensure that Corporate Procurement Plans are embedded practice in the HSE and in each funded agency enabling multi-annual procurement plans to be established that help prioritise and direct resources and efforts to ensure that effective procurement takes place. Operating in a planned and coordinated manner, in collaboration with the OGP, helps to increase overall procurement process compliance and value for money.



**Systems  
Development**

New systems, applications and tools made available to support HSE staff in executing procurement activities including the implementation of IFMS and the Finance Operating Model. These digital supports provide for greater transparency within the procurement process, increase real-time oversight and drive compliance levels through the use of guided procurement steps and approved catalogues.



**Logistics and  
Inventory  
Development**

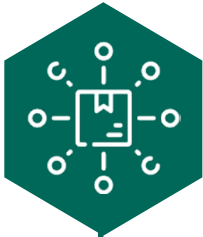
New models, processes and services around logistics, materials and inventory management including self-service options. Support, develop and implement projects documented in the HSE Service Plan that strengthen compliance and best practice and enable an improved and safer service to patients.



**Organisational  
Development**

New organisational structures, new models and methods of engagements with HSE services and suppliers, new ways of working and the development and empowerment of HSE staff members to self procure compliantly. Driving continuous improvement of processes through the use of Lean methods and digital automation. Accompanying this, the establishment of structured Training Needs Analysis and Personal Development Plans to support the continued professional development of HSE and health sector procurement team members to ensure that they can continue to be in a position to procure according to the highest standards of professionalism per the European Competency Framework for Public Procurement.

# Multi-Annual Procurement Planning







Public procurement is facing new challenges and is increasingly expected to:

- Demonstrate best value for public money in ever-constricting budgetary environments.
- Use the opportunities of digitisation and evolving markets.
- Make a strategic contribution to horizontal policy objectives and societal values such as innovation, social inclusion, economic and environmental sustainability.
- Maximise accessibility and demonstrate accountability for minimising inefficiencies, waste, irregularities, fraud and corruption, as well as building responsible supply chains.

These challenges are compounded by continuing global supply chain disruption resulting from pandemics, Brexit and geo-political factors.

Further professionalising the procurement function, improving planning and driving compliance is essential to enable the HSE and funded agencies achieve greater value for money from the collective procurement activities (cash and non-cash benefits) to support reinvestment into providing high quality healthcare and personal social services. Sourcing teams have been aligned to support the delivery of the key priorities.

## The key priorities over the next three years are:

-  Coordinate and **collaborate with all HSE organisations to agree a Multi-Annual Procurement Plan (MAPP)** aligned to the implementation of the HSE Corporate Procurement Plan by the end of Q3 2022, and for initial participating Section 38 and Section 39 health sector agencies by the end of Q4 2022.
-  The MAPP will **increase and maintain HSE Spend Under Management (SUM)** to a target of 68% by the end of 2022 and a target of 85% by the end of 2024.
-  **Improve SME participation through the HSE MAPP pipeline of upcoming tenders** that will be published each Quarter (from Q3 2022 onwards) to inform SME's and Micro Enterprises of upcoming opportunities in advance of tender publication.
-  Apply appropriate procurement processes, award criteria and weighting to **support innovation, social inclusion, economic and environmental sustainability priorities** into all procurement processes with effect from Q4 2022. 2023 deliverables will be set out within the HSE Climate Action Strategy, expected Q4 2022.



**Develop a bespoke Corporate Procurement Plan/Procurement Compliance Improvement Programme in collaboration with each participating health service organisation** to assist each health service organisation to become compliant with legal and regulatory policy and corporate governance obligations. The organisation’s Corporate Procurement Plan/Procurement Compliance Improvement Programme will be supported and managed using the available electronic toolset to support corporate procurement planning (eCOP) with a target to achieve compliance of 100% usage of the eCOP toolset for procurement planning by Hospital Groups (HG) and Community Health Organisations (CHO) by Q4 2022 with continued rollout across health organisations thereafter.



**Continue the production and delivery of the HSE Capital Plan** on an annual basis as part of the Capital and Works Programme by the HSE Capital & Estates Team.



**Support eHealth and Disruptive Technologies to deliver a major programme of digital health system replacement** post the cyber-attack on HSE.



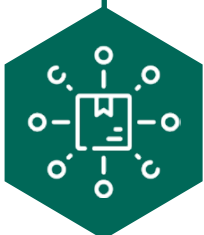
**Support HSE Digital Transformation and Innovation, and Health Innovation Hub Ireland to realise optimum exploitation of the opportunities arising from pre-commercial and health innovation procurement initiatives** by assisting them in developing expertise and Standard Operating Procedures. An approach and initial plan will be agreed by the end of Q4 2022.

Collaborating with HSE eHealth and Office of Government Procurement (OGP) colleagues, we will gather learnings from relevant sectors and organisations, both in Ireland and abroad, to help us identify potential options to improve the following:

1. Procurement timelines, without impacting quality of outcome or compliance, in relation to non-system procurements within the eHealth/ICT (hardware, support services etc.).
2. End to end timelines, and overall outcomes, from initial identification of need through to completion of procurement, in respect of systems, with the focus being on the larger and more complex systems of strategic importance to the delivery of the HSE Corporate Plan.

The intention is to use the output of this focused piece of research to enable the HSE to progress any identified potential for improvement, including where necessary via engagement with colleagues in DOH, OGP and DPER should clarifications or adjustment to current guidelines or rulesets be indicated.

A plan and approach to this research will be completed by the end of September 2022 and the outputs of the research, including a draft set of options for improvements, and any necessary changes to enable same, will be prepared by the end of March 2023.



## Systems Development



As part of ongoing Digital Transformation efforts within the HSE, new systems, applications and tools will be made available to support HSE staff in executing procurement activities. That includes activities ranging from procurement planning through to self-service purchasing. As well as reducing the time and effort required to complete procurement actions, these digital supports will provide for greater transparency within the procurement process, increase real-time oversight and drive compliance levels through the use of guided procurement steps and approved catalogues. Timelines will largely be in line with IFMS project plan and roll out for same.

### The key priorities over the next three years are:

- 

As part of introducing an integrated finance and procurement system across the health service, the **Integrated Financial Management System (IFMS) Project will appoint a new systems integrator (SI), validate design, build and test the standard system, and deploy the solution on a phased basis** with a target of over 80% of expenditure transacted on IFMS in 2025.
- 

**Fast-track the deployment of the purchase to pay elements of SAP Ariba** to select sites in advance of IFMS go-live.
- 

Implement the **Target Operating Model to support IFMS** including: self-service procurement for purchases below €25,000; and Procurement Shared Services for strategic sourcing above €25,000.
- 

**Ensure new systems that have procurement related capabilities are fully aligned and consistent with the new Finance Operating Model and IFMS Target Operating Model**, including systems such as the National Estates Information System.
- 

**Design and implement a unique material and service codes solution** aligned to the Target Operating Model to support IFMS.
- 

**Design and implement the procurement focused Customer Relationship Management (CRM) tool** to support the effective delivery of the new Finance Operating Model and IFMS Target Operating Model.
- 

**Maintain and develop the electronic toolset (eCCP)** to support compliance, visibility, corporate procurement planning, reporting and support the design of similar functionality within IFMS.
- 

**Continue to digitally enable procurement processes** through continuous improvement practices and usage of technologies.

## Logistics and Inventory Development



Logistics and Inventory Management enables the purchase, storage and distribution of goods to optimise efficiencies for service delivery. Opportunities exist to support a wider range of clients through extra capacity, services and inventory. Additionally, the potential for self-service processes can be explored. Support the HSE Service Plan in relation to the implementation of IFMS, Medical Device Regulation (MDR)<sup>11</sup> and National Emergency crisis as they arise and deliver a safer service to our patients.

### The key priorities over the next three years are:



- 
**Complete the rollout of the National Distribution Centre (NDC)** to statutory hospitals within the HSE. Target for completion is the end of Q3 2024.
- 
**Support sustainability and the decarbonisation of the supply chain** in line with government policy. Timelines to be set out in the HSE Climate Action Strategy which is expected by the end of Q4 2022.
- 
 Continue the **rollout of Point of Use** to the Acute Hospital Network. The target is to increase current usage of 70% to 80% by the end of Q4 2023 and deploy to all remaining relevant locations by the end of Q4 2024.
- 
**Maintain continuity of supply for both PPE and vaccination requirements** as part of the national pandemic response and reduce the number of third party logistics providers required.
- 
**Support the build and implementation of the single financial procurement management system** and prepare the NDC for the Enterprise Warehouse Management System (EWM).
- 
 Develop a **process on how clients can request additional/new services**. An initial engagement and scoping exercise will be completed by the end of Q1 2023.
- 
 Conduct a review on the **further strategy/model development of the National Distribution Service** to meet client requirements. This is targeted for completion by the end of Q2 2023.
- 
**Support the Global Health Programme deliver on the HSE's commitment** to assist with the development and improvement of health systems in lower and middle income countries as part of a whole of government approach.

## Organisational Development



As the health service continues to transform in line with the Sláintecare<sup>2</sup> vision, procurement services and activities will evolve and adapt to the changing environment. These changes include new organisational structures, new models and methods of engagements with HSE services and suppliers, new ways of working and the empowerment of HSE staff members. Alongside this evolution, the continued professional development of HSE Procurement team members is essential to ensure that they can continue to meet demands and that there is continuity of knowledge and experience around executing procurement activities.

### The key priorities over the next three years are:

-  Agree and implement the **updated engagement model between HSE Procurement and clients** including HSE service areas, Section 38 and Section 39 agencies and the OGP. The target is to agree the engagement model by the end of Q3 2022 and commence implementation thereafter.
-  Implement an **updated communication model for procurement that is aligned to the engagement model**, including how the communication of contract status and promotional materials for procurement regulations awareness are made available. The model is to be agreed by the end of Q4 2022.
-  **Increase the ease of access and understanding of the end-to-end HSE Procurement service** from sourcing through to logistics and inventory management by improving the procurement website and ancillary documents. Improvement plan to be in place by the end of Q4 2022.
-  Review and **update all externally facing customer and supplier procurement related documents**. Timelines to be set out in the Improvement Plan referenced which will be in place by the end of Q4 2022.
-  Promote **greater understanding of the National Financial Regulations<sup>12</sup>** including inherent procurement regulations and individual obligations.
-  Confirm and implement the **updated procurement roles and responsibilities between the HSE and the Office of Government Procurement**. Agreement on roles and responsibilities by the end of Q3 2022 and implemented thereafter.



**Ensure the requisite level of skills, capacity, capability and expertise is available** within health sector procurement on an ongoing basis by building appropriate capacity aligned to the European Competency Framework for Public Buyers<sup>13</sup>.

- Continue the **delivery of the accredited academic programme** aligned to the European Competency Framework for Public Buyers and developed in partnership with our academic partner in Supply Chain Management and Public Procurement (Public Procurement Supply Chain Excellence (PPSCE) - Level 7 Certificate and Level 7 Diploma).
- Continue the **establishment of apprenticeships in Supply Chain Management** as a major source of talent acquisition. The target is to commence the apprenticeship programme by end of Q2 2023.
- **Design, develop and launch a procurement academy** that is aligned to the European Competency Framework for Public Buyers with associated training programmes to improve competencies including: Environment, Social and Governance (ESG), vendor management competencies and requirements and standards such as Medical Device Regulations. Preliminary approach and design principles will be drafted by the end of Q1 2023 and the corresponding business case to be available by the end of Q3 2023.



# Compliance Environment

It is HSE policy to comply with all relevant legal and regulatory requirements that underpin and govern public procurement in Ireland. These include EU Treaty Principles, EU Directives, Irish Statutory Instruments, Government Policies, Circulars and OGP Guidelines.

## Policies and Procedures

**The responsibility for compliance rests with the budget holder.** Budget holders are supported in this regard by the Corporate Procurement Planning and Compliance Improvement function within HSE Procurement and the Procurement Compliance Business Analysts embedded within the services.

Procurement activities operate within an interdependent suite of policies and procedures including:

- National Financial Regulations<sup>12</sup>: Protocols that outline the internal financial control system of the HSE. The National Financial Regulations describe the protocols that must be observed to ensure that procurement throughout the HSE is consistent with European and National legislation, policy and guidelines.
- Statement of Internal Control: A comprehensive self-declaration process involving the HSE's major budget managers whereby non-competitive and non-compliant procurement in excess of €25,000 is declared. This is a requirement per the Code of Practice for the Governance of State Bodies.
- HSE Procurement Policy<sup>14</sup>: Procurement management policies within the HSE.

### Procurement Procedures



Procurement procedures and thresholds are in place in the HSE to ensure the procurement of supplies and services complies with EU Treaty principles, including EU Directive 2014/24/EU<sup>16</sup> for goods and services.

The decision on which procedure to follow depends on the characteristics of the requirement, the monetary value of the contract, the market in question and the urgency of the requirement.

HSE Procurement professionals assist staff members in identifying the most appropriate, compliant procedure.

## Setting our Compliance Targets

In order to agree appropriate targets for procurement compliance for the organisation, a study will be commissioned to:

- Establish agreed public health sector relevant criteria as to how compliance is defined and measured across the organisation.
- Identify appropriate public health sector relevant benchmarks that can be targeted in relation to the agreed definitions and measures.
- Identify the barriers to achieving the agreed procurement compliance targets and actions required to address those barriers.

- This will include determining whether any variations within our overall procurement compliance targets should be accommodated, for example based on different categories of goods or services or different health sector settings.

The study will result in the setting of procurement compliance targets to be achieved over the next three years. This study will take place over a four month period and be reviewed as part of governance process for the organisation. The publication target is December 2022.

## Target Actions Based on the Statement of Internal Controls Self-Declaration Procurement Compliance Process

1. The areas of non-compliance from the 2021 SIC review have been examined and the risks/issues to be addressed have been identified. Engagement will commence in July 2022 across the service areas to agree remediation actions. This activity will be supported by the Corporate Procurement Planning and Compliance Improvement team alongside the 20 Procurement Compliance Business Analysts who are being embedded within the services.
2. The previously annual SIC review process will move to being a quarterly process (January to June to be completed by end September and each quarter thereafter) with reporting from same to the executive and the board (via the Audit and Risk Committee).

### Compliance Visibility



Real time visibility via routine comprehensive reporting of procurement compliance will be achieved no later than the roll out of IFMS to each HSE area, i.e:

- 2023 – circa. 50% of total HSE expenditure is expected to be on IFMS.
- 2024 – circa. 80% of total HSE expenditure is expected to be on IFMS.
- 2025 – 100% of total HSE expenditure is expected to be on IFMS.

As part of its deployment preparation work (7-8 months leading up to each go-live), each deployment area will be supported in putting in place the necessary actions to achieve best practice levels of compliance with public sector procurement requirements.

### Compliance Oversight

The HSE have a role in overseeing procurement compliance across the health service. This role is supported and guided by the HSE Audit and Risk Committee as well as other governmental bodies including:

- Comptroller and Auditor General.
- Public Accounts Committee.
- The Office of the Government Chief Information Officer's/Digital Government Oversight Unit (for ICT related initiatives).

In addition, the work of the HSE Internal Audit function also provides assurance on compliance status.

# Ongoing Monitoring of the Corporate Procurement Plan 2022-2024

The HSE are committed to achieving the priorities identified in this Plan and driving demonstrable procurement service improvements over the next three years. Procurement will work with the OGP, the Department of Health and other public health providers to ensure a coordinated and integrated approach to implementing this Plan.

## Operational Plans and Actions

Underpinning this Corporate Procurement Plan are operational plans and actions across the HSE that set out the specific activities supporting the delivery of the priorities identified in this Plan. The operational plans and actions are also informed by the multi-annual procurement plan process and contracting requirements identified based on significant engagement with HSE services.

## Oversight Group

An Oversight Group will be established to monitor and drive the implementation of the Corporate Procurement Plan.

The Oversight Group will be composed of senior leaders from the HSE, representatives from Section 38 and Section 39 organisations, the Department of Health and the Department of Public Expenditure and Reform.

Meeting quarterly, the Oversight Group will monitor and report on progress in terms of delivering on the priorities identified within this Plan.

For the past 24 months, procurement within the HSE has had to react and adjust to significant events including the cyber-attack, the ongoing pandemic, Brexit, and other geo-political factors.

Agility will be required to react to emerging requirements over the next three years, be that clinical in the shape of further COVID-19 impacts, regulatory such as Medical Device Regulations or environmental.

## Oversight Group



The Oversight Group will be responsible for:

- Setting the overall strategic direction for corporate procurement, including key strategic initiatives such as compliance.
- Engaging with leadership teams across the health services to help mobilise and engage the health system on procurement priorities.
- Providing assurance on strategic procurement initiatives on behalf of key stakeholders.
- Providing strategic oversight on procurement priorities and its constituent projects.
- Providing advice on interdependencies with wider transformation and Sláintecare initiatives.

## Refreshing and Updating the Corporate Procurement Plan

An update outlining the progress of the implementation of the Corporate Procurement Plan will be published in Q1 2023. The Corporate Procurement Plan will be refreshed on an annual basis thereafter.

# Supporting the delivery of the Corporate Procurement Plan 2022-2024



To support the delivery of the Corporate Procurement Plan 2022-2024, key mitigants will be put in place to address potential risks to the achievement of the key priorities:

## **Managing competing demands for service management time and focus**

The significant pressure on services is acknowledged as a key risk. This will be mitigated by the provision of additional procurement supports to the operational system, including the 20 Procurement Compliance Business Analysts currently being recruited across the system, as well as via ongoing engagement and monitoring including via the Oversight Group outlined on page 27 above, on which service managers will be represented.

## **Clinical and stakeholder input into procurement processes**

End-user input into tendering processes is essential to ensure that the outcome of the tender is fit-for-purpose. Acknowledging the competing priorities and service demands these place on clinical resources in particular, the development of the MAPP will assist in providing a targeted schedule of activities that will highlight the points where input from stakeholders will be required.

## **Section 38 and Section 39 organisation collaboration**

Delivering on the priorities within this plan, including achieving the compliance targets requires collaboration with Section 38 and Section 39 organisations. A customer engagement model will include a forum for sharing information to input into the MAPP and drive compliance overall.

## **Office of Government Procurement collaboration**

Delivering on the priorities within this plan, including achieving the compliance targets requires collaboration with the OGP to progress the execution of the MAPP for non-health categories for which they are responsible.

## **Supplier engagement**

Delivering priorities related to Climate Action measures and new procurement ways of working introduced through IFMS requires that suppliers are proactive and begin to ready themselves for new ways of working with the HSE. Engagement activities will be required with suppliers to support a proactive approach.



### Programme and change management

The delivery and monitoring of the Corporate Procurement Plan 2022-2024 will be driven by a programmatic approach to implementation. All initiatives will be tracked with associated implementation and change management risks identified and mitigated appropriately. This approach will ensure that the Oversight Group has full visibility of implementation status as any associated risks that may need to be escalated as part of the HSE Corporate Risk Management Process.

### Increasing demand for procurement services

Demands for procurement services are increasing. Actions such as the development of the MAPP assist in identifying procurement and compliance priorities which then enables the prioritisation of procurement staff. Specialised capacity has been created through the HSE Strategic Sourcing Rapid Response Team to address any exceptional urgent requirements outside of the MAPP. Additional long-term capacity will be created through training activities and the introduction of an apprenticeship programme across procurement. This will also help to address risks around continuity of procurement resource knowledge.

Delivering all of the priorities within this plan may require additional resources which will be addressed as per the service and budget planning process.

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# **HSE Corporate Procurement Plan 2022-2024**

**Health Service Executive**  
Dr. Steevens' Hospital  
Steevens' Lane  
Dublin D08 W2A8

Tel: 01 6352000  
[www.hse.ie](http://www.hse.ie)

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