



# Procurement Report

**April 2018 to March 2019**

**Date of Issue: November 2020**

**Date of next review: April 2020**

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# 1 Purpose

The purpose of this annual report is to aid visibility of NHS Fife's ("the Authority") purchasing activities and to allow us to record and publicise our performance and achievements in delivering our Procurement Strategy. This report allows us to demonstrate to our stakeholders that our procurement spend is being used to best effect to achieve:

- Better public services;
- Social, economic and environmental outcomes in our area; and,
- A range of local and national policies e.g. those relating to tackling inequality and meeting climate change obligations.

As well as providing information on how we consult and engage with our stakeholders, alongside the procurement strategy, this annual procurement report is a key document in enabling informed engagement with our external or internal clients, our strategic partners, suppliers and potential suppliers and the general public.

As detailed within our Procurement Strategy this report will focus on the Authority's trade expenditure, which is around £100 Million per annum.

## 2 Summary of Regulated Procurements Completed

### 2.1 Definition

In accordance with the Procurement Reform (Scotland) Act 2014, any Public contract (other than a public works contract) of £50,000 or greater and public works contract of £2,000,000 or greater is considered a Regulated Contract. A regulated procurement is any procedure carried out by a contracting authority in relation to the award of a proposed regulated contract which is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes both contracts and framework agreements.

### 2.2 Summary of Procurements

The following tables summarise the regulated procurement's in the period. Note these are based on the NHS Fife's trade spend of circa £100M PA only. Full details of these procurements are presented in Appendix 1.

Type of Regulated Procurement	Qty in period	Estimated Value
Contract awards	3	£545,256
<b>Total regulated procurements</b>	<b>3</b>	<b>£545,256</b>

### 2.3 Awards without a competitive procurement process

We identify and log all contract awards which should have gone through a Regulated Procurement process through our Tender Waiver procedure approved by our Director of Finance and Chief Executive.

The Tender Waiver Process identifies spend that should not be subject to the procurement regulations e.g. within the following categories;

1. The requirement falls under the general exclusions and Specific Situations of the Public Contracts (Scotland) Regulations 2015 Sections 4 or 7 through 18 or by being a service listed in Schedule 3 of the aforementioned regulations; examples being;
  - a. Property rental
  - b. client legal representation
  - c. legal advice

- d. Public Sector to Public Sector contracts under regulation 13(8) of the aforementioned regulations
2. The requirement can only be delivered by a certain supplier through an exclusive right under regulation 33(1) of the aforementioned regulations

Examples of contract awards made through the tender waiver process during 2018/19 included:

- MicroStrategy® production support and software subscription, which was awarded to MicroStrategy with a contract award value of £56,000;
- Programme Director to deliver site optimisation plan, support management of change of the Care of Elderly Service and provide specialist experience, which was awarded to Morag Olsen Limited with a contract award value of £38,000;
- Purchase of OZil® Torsional Handpieces, which was awarded to Alcon Eye Care with a contract award value of £38,000;
- Purchase of Urolift® Systems, which was awarded to NeoTract Inc. with a contract award value of £30,000; and,
- Purchase of ARMED (Advanced Risk Modelling For Early Detection) system, awarded to HAS Technology with a contract award value of £20,000.

## **3 Review of Regulated Procurement Compliance**

### **3.1 Introduction**

This section demonstrates how NHS Fife procurement has contributed to the achievement of our specific objectives and to the general duties in the Procurement Reform (Scotland) Act 2014. Section 3.3 discusses our performance against the mandatory elements of our strategy while section 3.4 details how we performed against our Procurement Strategy objectives.

### **3.2 How we review our Regulated Procurements**

NHS Fife Procurement observes the Procurement Journey methodology including application of the Sustainable Procurement tools highlighted in 3.4 & 4.1 for all of its Regulated Procurements where a tendering process is required. Route 2 when below OJEU level and route 3 for OJEU procurements. Call off contracts are checked with the host organisation e.g. NHS National Procurement, Scottish Government and where necessary Crown Commercial Service for compliance with regulations and policy before we enact these.

### **3.3 Delivering against our Mandatory Obligations**

This section provides a retrospective review of our performance against the commitments stated in our recently approved Procurement Strategy for 2019 onwards.

#### **Commitment 1 – Regulated and OJEU Procurements**

We have committed to advertising opportunities and placing award notices on Public Contracts Scotland to maintain our Public Contract Register.

#### **Commitment 2 – Achieving our purpose**

We have committed to working closely with colleagues in Regulated and OJEU procurements and to use Procurement Journey Route(s) 2 & 3. Each of the specifications and evaluation criteria were informed by an expert user intelligence group made up of internal colleagues and supported by external colleagues if the Procurement was collaborative in nature.

### **Commitment 3 - Delivery of value for money**

We have committed to obtain value for money through best practice contracting and supplier management and through undertaking key strategic procurement activities. Over the period we delivered Savings of over £255,834.

### **Commitment 4 - Utilising the Scottish Model of Procurement**

We have committed to ensuring our procurement activity was optimised to the Scottish model of procurement. We did this by ensuring we used central framework agreements from our Procurement Centre of Expertise (CoE), NHS National Procurement and Scottish Government.

### **Commitment 5 - Engaging with our service users**

We have pledged to work with colleagues in NHS Fife to utilise NHS Fife embedded approaches to facilitate better engagement with the public. We continue to engage with colleagues who have a public facing role to understand where we can support them better in their activities.

### **Commitment 6 - Engaging with Suppliers**

We have committed to devise a market engagement strategy in order to inform priorities and direction of travel for the Procurement function in this area. Our focus in the period was to identify ways of opening up our opportunities to new suppliers and to ease admin burden on especially small and micro suppliers. Attendance at 2 Meet the Buyers Events in this period has also given an opportunity for suppliers to talk to us directly. The below table details contract awards by business size.

Business size	Number	Contracts Awarded
Micro	3	4
Small	9	9
Medium	4	7
Large	7	7

We continue to reduce barriers to our opportunities to suppliers by supporting the Supplier Development Programme, 'Meet the Buyer' events.

### **Commitment 7 - Community benefits**

Please refer to Section 4.

### **Commitment 8 – Food Procurement**

We have committed to engage appropriate internal colleagues in food procurements and to support Healthy Choices being available to staff and patients. This has and continues to be worked on in NHS Fife.

Many national food contracts are lotted to engage suppliers in geographical areas to supply many products.

Healthy Choices have also been encouraged to be offered by retail outlets in our hospitals.

### **Commitment 9 – Scottish Living Wage**

NHS Fife Procurement will work with suppliers through contracting and relationship management to look for opportunities for its suppliers to implement the Living Wage within their staff structures where this does not already apply. To guide this work NHS Fife utilise the Scottish Government's Workforce Matters Procurement Policy.

This is an important area for us and we will attempt to increase our understanding of our supply chains wage levels based on 'high risk' services identified through prioritisation.



## Commitment 10 - Compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974

We have stated that all non-NHS Fife personnel working on site are expected to adhere to NHS Fife health and safety processes and procedures. Our Property team are construction site safety management certified which includes legal and practical knowledge of health and safety management on construction works including the Health and Safety at Work, Etc. Act 1974. This supports our in-house capability to ensure any works completed on behalf of the NHS Fife are performed to the latest Health and Safety standards. All building tenders and quotes are run in accordance with the Construction (Design and Management) Regulations 2015.

### 3.4 Strategy Performance Review

Within our new 2019 Procurement Strategy our objectives are set out. The status of these objectives will be reported on in subsequent Procurement Reports.

### 3.5 Invoice Payment Performance

This is an area of major importance within the Procurement and Finance communities, with payment times measured and reviewed on a monthly basis. The table below details our performance against the 30 day target and the aspirational 10 day target across the full 2018-19 financial year.

Invoice Payment Policy	Cumulative year to date
<b>Average number of days credit taken</b>	13
<b>Contractual 30 day payment policy</b>	
Total number of invoices	112,717
Total number of invoices paid within 30 days	100,963
% by volume of invoices paid within 30 days	89.57%
% by value of invoices paid within 30 days	93.97%
<b>Aspirational 10 day target</b>	
Total number of invoices	112,717
Total number of invoices paid within 10 days	88,623
% by volume of invoices paid within 10 days	78.62%
% by value of invoices paid within 10 days	88.26%

## **4 Community Benefit Summary**

### **4.1 General Policy**

NHS Fife's Community Benefits in Procurement Policy has been introduced in 2019. It states that all regulated Procurements (£50k plus) will be considered for Community Benefits Clauses. The following tools can be applied to ascertain whether to include Community Benefit Clauses or not.

- Scottish Public Procurement Prioritisation Tool;
- The Sustainability test;
- Life Cycle Impact Mapping; and
- the Scottish Flexible Framework

### **4.2 Benefits delivered in period**

No Community Benefit Clauses were applied to contract in the report period. With the introduction of the NHS Fife Community Benefits in Procurement Policy, progress will be demonstrated in subsequent Procurement Reports.

## **5 Supported Businesses Summary**

### **5.1 Trade with Supported Business**

NHS Fife Procurement recognise the need to ensure spend to Supported Business is maximised and have therefore developed specific objectives in the refreshed Procurement Strategy 2019.

### **5.2 Engagement work**

Supported Businesses have been engaged with via Meet the Buyer, Procurex and the P4H conference. Engagement will continue throughout 2019.

## 6 Future Regulated Procurement Summary

Below we present our current view of upcoming regulated procurements over the next 2 years.

Subject Matter	Expected Notice Publication Date	Estimated Contract Value
Pharmaceutical Dispensing Service	May 2019	TBC
Electrical Appliances (White & Brown Box Goods)	TBC	TBC
Funeral Directors	July 2019	TBC

## **7 Report Ownership**

In line with the Reform Act and to ensure our Annual Procurement report details our performance against strategy, this report will be subject to formal annual review and approval by the NHS Fife. The report is owned by the Head of Procurement

## 8 Procurement Strategy 2019

The 2019 Procurement Strategy was approved by the Board's Finance, Performance & Resources Committee in September and has been published on the NHS Fife website and intranet. Procurement Strategy Objectives will be detailed and reported in subsequent reports.

Number	Action	Timescale
1	NHS Fife will assess all regulated procurements for inclusion of Community Benefit Clauses.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
2	Utilise the National Supported Business Framework	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
3	Consider Supported Business wherever possible	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
4	Increase Supported Business expenditure year on year.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
5	Consider Social Enterprises wherever possible	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
6	Apply Community Benefits Clauses wherever possible	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
7	Increase Social Enterprise Expenditure year on year.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
8	NHS Fife will utilise these in specifications wherever possible in line with our Sustainable Procurement agenda.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
9	NHS Fife will specify recyclable product/packaging from contracted suppliers.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.

10	Implement Technical User Groups for all key procurement projects	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
11	Ensure public/patient participation is used wherever appropriate	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
12	Provide representation to National Clinical/Commodity Advisory Groups	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
13	NHS Fife will promote compliance of contractors and subcontractors to the Health and Safety at Work Act 1974 with our Terms and Conditions of contract and or specific contract clauses where appropriate	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
14	Engaging Public Health and Dietician colleagues onto Technical User Groups for food procurements	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
15	Ensuring Healthy Choices are available to patients and staff	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
16	NHS Fife will promote the highest standards in animal welfare in the supply chain by way of contract Terms and Conditions and specific clauses where appropriate.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
17	NHS Fife will by way of Terms and Conditions specify that <ul style="list-style-type: none"> <li>• <i>all subcontractors are made by no later than thirty days from date of receiving an invoice</i></li> <li>• <i>subcontractors pay their subcontractors no later than thirty days from date of receiving an invoice</i></li> </ul>	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
18	NHS Fife will continue to use Public Contracts Scotland as above and utilise the Public Contracts Scotland Tender (PCST) tool for regulated procurements	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.

19	NHS Fife will use the Procurement Journey process and documentation for all regulated procurements	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
20	NHS Fife will continue to seek opportunities to nurture Procurement Talent wherever possible.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
21	NHS Fife will ensure that Procurement staff can perform to their full potential and ensure activity undertaken is compliant with the most current regulation and governance, formal and informal training will be encouraged and supported	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
22	NHS Fife will maintain and improve performance within the PCIP status of “Superior Performer” using a single improvement plan and demonstrate making evidence and resource available to assist peer organisations at regional and national level	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
23	NHS Fife will carry out bi-annual PCIP assessments of Pharmacy/Construction and Estates	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
24	NHS Fife will support Continuous Improvement of these areas with targeted work sessions and ongoing support and advice.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
25	NHS Fife Procurement will ensure the Board are informed of progress and positioning of the East and North Procurement Programme; the Head of Procurement will include a progress update (from the Programme Lead) in the formal annual report to the Finance, Performance & Resources Committee. This will be in addition to the	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.



	conventional Programme Board reporting structure to SGHSCD, Boards and associated national partners.	
26	NHS Fife will optimise the online Self Service approach for Procurement	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
27	NHS Fife will continue to consider the One-Touch/Automation agenda when designing internal procurement processes.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
28	NHS Fife will ensure local, regional, and national collaboration is optimised, joint working of National Procurement (NP) and NHSF officers should be evident and implementation and compliance systems embedded as business as usual.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
29	NHS Fife will work with the NDC to optimise throughput through regular work sessions	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
30	NHS Fife will ensure consistent and professional management of expenditure across the three best value supply chain dimensions; Purchase Demand Management; Supply Base Management; and Total Cost Management, the Procurement Journey toolkit will be used to manage all expenditure.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
31	NHS Fife will ensure that clinical stakeholders are fully supported in the achievement of their HAI objective, the Procurement Team will respond to any needs and change as priority tasks.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
32	NHS Fife will maintain a programme of Business Assurance and ensure reporting is timeous and accurate by maintaining Action Logs to track	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.

	continuous improvement.	
33	NHS Fife will ensure performance measurement matches the needs of the organisation and our stakeholders at local, regional, and national level, KPIs and the Balanced Scorecard will be subject to annual review.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
34	NHS Fife will continue to deliver Spend Analyser to budget holders and invest time in supporting them in getting maximum value from the tool	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
35	The Procurement Team will harness these new technologies by continuing to offer to be a pathfinder for national initiatives such as; <ul style="list-style-type: none"> <li>• <i>Scan for Safety</i></li> <li>• <i>Blockchain Logistics</i></li> <li>• <i>Artificial Intelligence</i></li> <li>• <i>Automation of Processes and Logistics</i></li> </ul>	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.

## 9 Appendix 1 – Regulated Procurements in Period

TITLE	AWAR D DATE	START DATE	END DATE	VALUE	SUPPLIER NAME
Medical Services at NHS Hospitals (Urology) (NP676/17 Mini-Competition)	04/09/2019	14/09/2019	31/10/2019	£78,596	Synaptik
Award of NHS Fife Pharmaceutical Dispensing Service	01/02/2017	01/02/2017	01/02/2020	£269,406	Boots UK Limited ("Boots"); Lloyds Pharmacy Limited; Rowlands Pharmacy
Award of NHS Fife Provision of Patient Lifting Equipment Maintenance & Repair Services	01/12/2017	01/12/2017	01/12/2020	£254,500	ArjoHuntleigh UK a branch of Arjo MED AB Ltd
Medical Services at NHS Hospitals (Cataracts) (NP676/17 Mini-Competition)	13/09/2018	13/09/2018	31/03/2019	£44,500	Synaptik
Medical Services at NHS Hospitals (Respiratory) (NP676/17 Mini-Competition)	13/09/2018	13/09/2018	31/03/2019	£13,770	Synaptik
Provision of External Medical Services (NP648/17 Mini-Competition)	17/07/2018	17/07/2018	31/03/2019	1,098,125	Spire Healthcare; The Edinburgh Clinic
Award of Supply and Installation of EMG/EP/NCS Machine for NHS Fife	06/03/2018	30/03/2018	30/03/2018	21349.5	Dantec Dynamics Limited