

# Procurement Strategy for NHS Fife 2019 to 2024

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## Table of Contents

Introduction.....	4
Scope .....	5
Role and Responsibilities.....	5
Strategic Alignment.....	6
NHS Fife’s Aim, Values and Mission .....	6
NHS Scotland Procurement Framework.....	6
Procurement Reform Act 2014 .....	6
Scottish Sustainable Procurement Action Plan.....	6
Chief Executives Letter 05 (2012).....	7
How We Will Procure .....	8
Definition of a regulated contract .....	8
Contributing to the carrying out of NHS Fife’s functions and achievements of its purposes	8
Value for Money .....	8
Sustainable Procurement .....	8
Fair Work Practices and the Living Wage.....	8
Community Benefit Clauses .....	9
Ethical Procurement.....	9
Supported Business.....	10
Social Enterprise.....	10
Recycle/Reuse.....	10
Consulting and Engaging (Technical User Groups) .....	11
Health and Safety at Work Act.....	11
Food.....	11
Improving Health, Wellbeing and Education.....	11
Animal Welfare .....	11
Payments to Sub Contractors.....	11
Public Contracts Website including Publication of Contract Notices and Awards.....	12
Procurement Journey .....	12
How We Operate .....	13
People.....	13
Talent.....	13
Workforce Training and Development.....	13
Review of Public Sector Procurement in Scotland .....	13
Continuous Improvement.....	13
Pharmacy/Construction/Estates .....	13
Collaboration.....	14

Customers.....	15
Customer Service .....	15
National Procurement .....	15
Strategic Commodity Management.....	15
Hospital Acquired Infection and Infection Control (HAI) .....	16
Capital .....	17
Business Assurance .....	17
Procurement Governance Board.....	17
Risk.....	17
Audit .....	17
Business Assurance Work Sessions .....	17
Key Performance Indicators and Balanced Scorecard .....	18
Management Information .....	18
The Future .....	18
Strategy Management.....	19
Reporting.....	19
Communication .....	19
Strategic Action Management.....	19

## Introduction

The proper management of procurement is an important factor contributing towards the efficient operation of NHS Fife and the attainment of corporate objectives. In order to support steps already underway to deliver better healthcare, it is vital to staff and patients that products and services are delivered at the highest quality and optimum value, within systems tested as fit for purpose at point of delivery, whilst managing risk and due diligence. NHS Fife currently expends over £104million each year on core trade spend non-pay expenditure.

This Procurement Strategy sets out how NHS Fife intends to ensure that its regulated procurements will

- Contribute to the carrying out of its functions and the achievement of its purposes
- Deliver value for money
- Be carried out in compliance with its duties under section 8 of the Procurement Reform Act Scotland 2014

This Procurement Strategy seeks to position procurement activity visibly within the organisation establishing Board level commitment to and involvement in the management of the Board's procurement deliverables. It additionally sets out clear, measurable objectives and priorities for improvement which will be closely monitored.

Progress against strategic objectives will be reported to the NHS Fife Board through the Finance, Performance and Resources Committee annually. A Procurement Governance Board will be established and held quarterly. Draft terms of reference are attached at Appendix A.

Procurement is also a key strategic work stream to support the NHS Fife Financial Plan and the joint strategic transformation programme. It is essential therefore that all related activity and plans are visible across the organisation, Board level commitment is strengthened and the procurement function is recognised as a driver for change. Vitally, clinicians will be increasingly sighted on how procurement support can help improve clinical pathways and allow barriers to improvement to be subject to test of change.

The strategy will be pursued through the line management accountability structures with clear targets and timescales being established in relation to improvement in procurement activity undertaken at strategic and operational levels. These targets will in turn be reflected within the individual performance plans of appropriate Service and General Managers across all budget areas.

The strategy will additionally shape the Board's procurement procedures which set out the detailed operational controls governing procurement activity in a manner which meets the requirements of the Board's Standing Financial Instructions and relevant procurement legislation.

Like many corporate support areas across the NHS in Scotland, the Procurement function is part of the National Shared Service Review Programme. The Programme will determine the future shape of Logistics and Procurement functions across Scotland to meet the improving health objectives as well as driving efficiency and best practice. As these plans develop this strategy will be reviewed and updated.

The emerging picture of Health and Social Care Integration across NHS Scotland will be kept under review and the Strategy will be updated accordingly.

## Scope

The principles of this strategy encompass all procurement activity undertaken by the Board.

## Role and Responsibilities

The Director of Finance is accountable to the Board for the achievement of the objectives associated with the procurement strategy. Specific responsibility for the delivery of the strategic objectives is vested in managers who are professionally accountable in relation to procurement activity. The Head of Procurement is expected to influence all non-pay spend and develop formal plans to ensure spend is appropriately managed through a single procurement gateway, in line with public procurement reform best practice, for the delivery of the strategic objectives.

## Strategic Alignment

To ensure effective alignment through organisational strategies the following national and local strategies are referenced and have been taken into consideration in this strategy.

### NHS Fife's Aim, Values and Mission

- Values
  - NHS Fife
    - Safety First
    - Dignity & Respect
    - Care & Compassion
    - Excellence
    - Fairness & Transparency
- Vision
  - NHS Fife - The people of Fife live long and healthy lives
- Mission
  - NHS Fife - Transforming health and care in Fife to be the best

### NHS Scotland Procurement Framework

The purpose of the NHS Scotland Procurement Framework is to provide NHS Scotland service stakeholders and procurement professionals with an overview of how the procurement service can support the delivery of key NHS Scotland and Scottish Government strategic ambitions. The document provides a 'mapping' of strategic aims against two primary sources:

- A '2020 Vision' published by SGHSC in Sep 2011
- Scottish Procurement Policy Handbook published by Scottish Procurement and Commercial Directorate 2008.

### Procurement Reform Act 2014

The [Procurement Reform Act](#) is a significant element of the continuing Public Procurement Reform Programme. The Programme centres on the [Scottish Model of Procurement](#), which puts procurement at the heart of Scotland's economic recovery. It sees procurement as an integral part of policy development and service delivery. It is a simple concept - business friendly, socially responsible. Looking at outcomes not outputs, it uses the power of public spend to deliver genuine public value beyond simply cost/quality in purchasing.

The Procurement Reform (Scotland) Act builds on the work achieved so far in the reform of public procurement in Scotland. It will establish the laws regarding sustainable public procurement and allow us to maximise the economic benefit brought to Scotland from effective and efficient public procurement activity.

### Scottish Sustainable Procurement Action Plan

The [Scottish Sustainable Procurement Action Plan](#) outlines a whole organisation approach to successful sustainable procurement. A whole organisation commitment to making more sustainable choices is required to deliver sustainable procurement. This means identifying more sustainable ways of meeting requirements and designing sustainable procurement specifications accordingly. The approach should address the social, economic and environmental implications of product and service choices. It should embrace whole life

costing and address how aspects such as design, manufacturing materials, operating costs, energy consumption, waste and recycling options support a more sustainable approach.

### [Chief Executives Letter 05 \(2012\)](#)

[CEL 05 2012](#) The purpose of this CEL is to refresh the guidance issued within [HDL\(2006\)39](#) in order to clearly mandate the use of national, regional and local contracts where such contracts exist; and provide a series of supporting principles which should be adopted by all Health and Special Boards in Scotland in order to support the aim of achieving best value from procurement activity.

## How We Will Procure

### Definition of a regulated contract

A regulated contract is a public contract which (other than a public works contract) is equal to or greater than;

Type	Threshold
Public contract (other than a public works contract)	£50,000
Public works contract	£2,000,000

### Contributing to the carrying out of NHS Fife's functions and achievements of its purposes

Effective Procurement makes a key contribution to improving health by optimising the resources available for health priorities. This includes, but not limited to;

- Seeking best value through competitive procurement exercises
- Whole Life Costing products and services
- Cost avoidance
- Reduce Waste and Variation
- Process efficiencies
- Lower operating costs

### Value for Money

NHS Fife will seek value for money from all procurement exercises by utilising all the relevant legislation and guidance available. This combined with highly trained Procurement Professionals ensures the best value for money outcome is achieved by the board.

### Sustainable Procurement

Sustainable procurement can be defined as: "A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to society, the economy and the environment".

NHS Fife recognises that Sustainable Procurement is a fundamental backbone of all procurements. NHS Fife will utilise all the legislation and guidance available to, where possible, deliver Sustainable Procurement Outcomes

### Fair Work Practices and the Living Wage

Public Procurement is a key driver of policy development and service delivery which supports sustainable economic growth. The delivery of high-quality services can impact on users of public services and can help create a fairer, more equal society. Service levels are often critically dependent on the quality and engagement of the workforce through fair work practices for those engaged in delivering public contracts.

NHS Fife will apply the [Statutory Guidance on the Selection of Tenderers and Award of Contracts](#) to all relevant contracts in a proportionate and transparent manner.



## Community Benefit Clauses

NHS Fife is committed to maximising Community Benefits from its procurement activities. This will be achieved through the inclusion of specific clauses within procurement contracts known as Community Benefit Clauses.

Community Benefit Clauses are contractual requirements which deliver wider benefits in addition to the core purpose of the contract. These clauses can be used to build a range of economic, social or environmental conditions into the delivery of contracts.

The Public Contracts (Scotland) Regulations 2012 and European Procurement Directives enable public bodies to include Community Benefits in the procurement process, in certain circumstances.

- NHS Fife will assess all regulated procurements for inclusion of Community Benefit Clauses.

## Ethical Procurement

NHS Fife understands the importance of ensuring its acts ensure the promotion and maintenance of high standards of social, ethical and environmental conduct. We are also committed to ensuring that our suppliers and Contractors on our contracts are encouraged to adopt a similar responsible approach. NHS Fife's Ethical Procurement Policy has been developed to take into account the Global Compact, a widely adopted United Nations standard for responsible business practice, covering human rights, labour rights, the environment and anti-corruption. As a globally recognised and universally applicable set of standards, the Ten Principles of the Global Compact form the basis of the Supplier Code of Conduct. The 10 principles are:

### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

### Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

### Anti-Corruption

•Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## Supported Business

### What is a supported business?

A supported factory or business is an establishment where over 50 per cent of the employees are people with a disability. In addition to employment, supported businesses offer training opportunities for more many other individuals each year.

### Why are supported businesses important?

The value of on-going employment, training, social interaction and mentoring offered to people with disabilities is central in enabling them to become more independent and active in the workplace and their communities.

### Legislation and supported businesses

Public sector buyers have the ability, within EU procurement Regulations (Article 19), to decide to reserve contracts to supported businesses only.

NHS Fife aspire to

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| • Utilise the National Supported Business Framework     |
| • Consider Supported Business wherever possible         |
| • Increase Supported Business expenditure year on year. |

## Social Enterprise

Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. As such they are an important part of the enterprising third sector in Scotland.

NHS Fife aspire to

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| • Consider Social Enterprises wherever possible        |
| • Apply Community Benefits Clauses wherever possible   |
| • Increase Social Enterprise Expenditure year on year. |

## Recycle/Reuse

As a major consumer of products and services NHS Fife are committed to recycling/re-using resources wherever possible.

### Reuse

NHS Fife promote the circular economy by encouraging staff to reuse resources through the [WARPit](#) tool. This allows staff to advertise unwanted resources including equipment and furniture to the rest of the organisation. Should this resource no longer be required by NHS Fife then WARPit advertises it to the wider local public sector and charities.

### Buying Standards

By following the Buying Standards across the whole public sector, we can specify recycled products or ensure they come from sustainable sources.

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| • NHS Fife will utilise these in specifications wherever possible in line with our Sustainable Procurement agenda. |
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For more information, please visit the [Government Buying Standards website](#).

### Recycling

In order to support the Zero Waste Scotland Agenda,

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| <ul style="list-style-type: none"><li>• NHS Fife will specify recyclable product/packaging from contracted suppliers.</li></ul> |
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### Consulting and Engaging (Technical User Groups)

Chief Executives Letter 05 2012 (CEL05 2012) stipulates that;

*Technical User Groups (TUGs) should be established by each Health Board for key projects with decision making powers from their Executive Board through a scheme of delegation. Each TUG will be responsible for supplier award and product selection decision making within their Board for local contracts and will provide representation to national CAP (Clinical/Commodity Advisory Group) panels for national contract activity. The decision of the TUG will be mandatory across the Board and will be made prior to development of national contract tendering activities.*

NHS Fife will

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| <ul style="list-style-type: none"><li>• Implement Technical User Groups for all key procurement projects</li></ul>      |
| <ul style="list-style-type: none"><li>• Ensure public/patient participation is used wherever appropriate</li></ul>      |
| <ul style="list-style-type: none"><li>• Provide representation to National Clinical/Commodity Advisory Groups</li></ul> |

### Health and Safety at Work Act

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| <ul style="list-style-type: none"><li>• 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.</li></ul> |
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### Food

#### Improving Health, Wellbeing and Education

NHS Fife Procurement will support the improvement of health, wellbeing and education of communities in relation to food by.

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| <ul style="list-style-type: none"><li>• Engaging Public Health and Dietician colleagues onto Technical User Groups for food procurements</li></ul> |
| <ul style="list-style-type: none"><li>• Ensuring Healthy Choices are available to patients and staff</li></ul>                                     |

### Animal Welfare

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| <ul style="list-style-type: none"><li>• 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.</li></ul> |
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### Payments to Sub Contractors

NHS Fife aspires to pay all contractors and suppliers within ten days of receiving an invoice. In order to support the wider supply chain.

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| <ul style="list-style-type: none"><li>• NHS Fife will by way of Terms and Conditions specify that<ul style="list-style-type: none"><li>○ all subcontractors are paid by no later than thirty days from date of receiving an</li></ul></li></ul> |
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- invoice
- subcontractors pay their subcontractors no later than thirty days from date of receiving an invoice

## Public Contracts Website including Publication of Contract Notices and Awards

The [Public Contracts Scotland](#) website is currently used by NHS Fife to

- Publish Contract Notices
- Publish Award Notices
- Seek quotations through Quick Quote

- NHS Fife will continue to use Public Contracts Scotland as above and utilise the Public Contracts Scotland Tender (PCST) tool for regulated procurements

## Procurement Journey

The [Procurement Journey](#) is intended to support all levels of procurement activities and to help manage the expectations of stakeholders, customers and suppliers alike and facilitates best practice and consistency across the Scottish public sector.

The Procurement Journey provides one source of guidance and documentation for the Scottish public sector which can be updated on a continual basis with any changes in legislation, policy and facilitates best practice and consistency.

- NHS Fife will use the Procurement Journey process and documentation for all regulated procurements

## How We Operate

### People

#### Talent

The [Procurement People of Tomorrow](#) programme was launched to address a recognised skills gap in both private and public sectors with a history of challenges across industry in attracting, recruiting and retaining talent. This is an opportunity to work together to grow our own talent, support youth employment and raise the profile of procurement and supply chain as a career of choice.

- NHS Fife will continue to seek opportunities to nurture Procurement Talent wherever possible.

#### Workforce Training and Development

All staff have a Personal Development Plan and annual review as part of the Turas process in NHS Scotland. This is used in conjunction with Procurement Competency Framework to ensure training is focussed on core competencies for the appointed role.

There is a commitment to improving the level of professionally qualified staff in line with the recommendations of the Review of Public Procurement in Scotland report. Staff undertaking the Chartered Institute of Procurement and Supply (CIPS) professional qualifications will be given full support.

- 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.

### Review of Public Sector Procurement in Scotland

#### Continuous Improvement

The annual Procurement Commercial Improvement Programme (PCIP) identifies and depicts performance in terms of the attributes outlined in the Review of Public Sector Procurement in Scotland report. NHS Fife retained an overall Procurement Status of Superior Performance and demonstrated year on year improvement, systematic use of improvement action plans and associated work sessions on specific areas will continue to ensure continuous improvement and innovation. NHS Fife will continue to assist other Boards in achieving improvement.

- 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

#### Pharmacy/Construction/Estates

Pharmacy/Construction and Estates Teams in NHS Fife will carry out Procurements in line with this strategy and using the Procurement Journey.

Assurance and continuous improvement in these areas will be maintained by the bi-annual PCIP assessments carried out by the central Procurement Team. This action plans from

assessment are managed by way of bi-monthly work sessions where Procurement and the area assessed work through the agreed actions.

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| <ul style="list-style-type: none"><li>• NHS Fife will carry out bi-annual PCIP assessments of Pharmacy/Construction and Estates</li></ul>                                 |
| <ul style="list-style-type: none"><li>• NHS Fife will support Continuous Improvement of these areas with targeted work sessions and ongoing support and advice.</li></ul> |

## Collaboration

NHS Scotland aims to focus on cost reduction workstreams, reducing unwarranted variation across high volume, high cost services and the balance of support and challenge available to NHS Boards. NHS Fife has agreed to lead a procurement project workstream in detail and to identify high impact changes that will deliver real savings and create capacity.

The East and North Procurement Programme has been created to formalise the East and North collaborative group that has existed loosely for a number of years. The NHS Fife Head of Procurement has committed a degree of time to develop and implement a consortium business model in an approach that is sensitive to conventional project management structures and local organisational change processes. The following Health Boards are partners in the programme: -

- NHS Tayside
- NHS Forth Valley
- NHS Grampian
- NHS Highland
- NHS Lothian
- NHS Orkney
- NHS Fife
- NHS Western Isles
- NHS Shetland

Other associated partners will be consulted as the programme progresses and are as follows;

- SGHSCD Delivery Directorate
- West of Scotland Procurement Group
- National Procurement (NP)
- Procurement Steering Group
- NSS Shared Support Services Programme – Procurement Transformation Programme.

The major advantage of this approach is that each Board, as a willing partner, will agree to re-model and share resources that would excel on behalf of all partners on a Centre of Expertise basis. For example, one locality team may manage the entire equipment expenditure; there would be a single systems team; single customer service and business assurance streams, etc. Vacancy control will be managed collectively, and resultant saving opportunities will have minimal service impact due to resource and expertise share.

This approach will save time that would be inevitably associated with using a centralised shared services model and achieve organic economies and cash efficiencies which can be reinvested in improving front-line patient services faster.

Looking to the longer term, the option to create a single Procurement Organisation for the NHS in Scotland, or indeed for the wider Public Sector, will likely be appraised. This

proposal will enhance readiness for such an outcome and will fit well with any hub and spoke redesign.

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| <ul style="list-style-type: none"><li>• NHS Fife Head of Procurement will ensure the Executive Director's Group are informed of progress and positioning of the East and North Procurement Programme, and will include a progress update in a formal annual report to the Finance, Performance &amp; Resources Committee (to be introduced by year end 2019/20). This will be in addition to the conventional East and North Procurement Programme Board reporting structure to SGHSCD, Boards and associated national partners.</li></ul> |
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## Customers

### Customer Service

NHS Fife will continue to support and react to changes in organisational structure and systems in customer functions. An enhanced Customer Services function will be developed to improve responsiveness and support self-service.

Automation and the application Artificial Intelligence can undoubtedly provide opportunities to serve customers quicker and focus on value releasing activities.

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| <ul style="list-style-type: none"><li>• NHS Fife will implement and optimise the online Self Service approach for Procurement</li></ul>                             |
| <ul style="list-style-type: none"><li>• NHS Fife will continue to consider the One-Touch/Automation agenda when designing internal procurement processes.</li></ul> |

### National Procurement

The National Procurement (NP) organisation is tasked with procuring and delivering a wide range of products and services to support Health Boards in providing the highest levels of patient care and with promoting procurement reform within the sector, all underpinned with effective e-enabled technology solutions to allow Health Boards visibility and control of expenditure.

NHS Fife will collaborate with NP and take an active and lead role in the Hospital Procurement Delivery Group.

Optimisation of the National Distribution Centre (NDC) model continues in order to ensure the model is sustainable and benefits NHS Fife product requirements.

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| <ul style="list-style-type: none"><li>• NHS Fife will ensure local, regional, and national collaboration is optimised, joint working of National Procurement (NP) and NHS Fife officers should be evident, and implementation and compliance systems embedded as business as usual.</li></ul> |
| <ul style="list-style-type: none"><li>• NHS Fife will work with the NDC to optimise throughput through regular work sessions</li></ul>  |

### Strategic Commodity Management

Strategic Commodity Management defines the concept and principles of a cross functional and commodity team approach and how it differs from treating commodities, products, users and buyers in isolation. By leveraging skills and expertise as well as economies of scale, greater saving opportunities and value benefits can be achieved.

At a strategic level, comprehensive sourcing group strategies convert NHS Fife's objectives into tangible plans that outline the current and future business changes required. Developing and documenting individual category or sourcing group plans enables all sourcing strategies

to be considered together, allowing NHS Fife to prioritise those that yield the greatest benefit across the organisation where a number of clinical areas may be impacted.

The approach followed identifies and quantifies opportunities and then develops a strategy to realise the benefits from the opportunities. Benefits are recorded in monetary terms and time-phased. In parallel, the team will consider the costs and investment associated with realising the benefits. When considered together, this will build a value-driven outlook across all procurement expenditure.

At an operational level, a documented sourcing group strategy underpins successful implementation. It converts robust analysis into actionable plans. The category group lead will include the high-level plan in the strategy, which identifies the main activities, timescales and cross-functional team member responsibilities, for both part and full-time members. In this instance, a documented sourcing group strategy acts as a consistent frame of reference on the approach being taken.

Technical user engagement is a key success factor and sourcing will be supported by user groups at appropriate local, regional and national levels. Whilst procurement must respond to user demand, the sourcing group teams also need to review how the supply market will change over the same period. The strategy defines what actions they need to take, in terms of relationship strategies and supplier development to ensure they are working with those suppliers that will support achievement of long-term business plans.

The team will gain a clear understanding of how product/service specifications meet customer and both clinical and business needs. The potential rationalisation and standardisation of specifications may generate savings locally, regionally and nationally.

The foundation for this is an understanding of the cost drivers for both the supplier and NHS Fife. One feature of the sourcing group strategy will be the improvement and integration of processes between NHS Fife and its suppliers. This will be realised through the implementation of supplier capability and improvement initiatives.

Clear, consistent, categorised spend profiles that identify non-compliant spend, including existing wholesaler pricing agreements will be developed.

- 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.

### Hospital Acquired Infection and Infection Control (HAI)

In recognition of the vital importance and priority of strategic objectives associated with HAI, specific actions have been developed in conjunction with the Infection Control Team.

In addition, all Procurement staff have a clear commitment in working with the service in supporting the Organisation's drive for on-going improvement on HAI and Infection Control. This commitment will include management responsibilities, personal objectives, action plans and regular review.

- 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.



## Capital

The Head of Procurement is a permanent member of the NHS Fife Capital Investment Group (FCIG). This group reports to the Executive Directors Group and onwards to the Finance, Performance & Resources Committee, and as such, in addition to being accountable for the procurement of all capital equipment, is jointly responsible for scrutiny and approval of all Capital Business Cases.

## Business Assurance

### Procurement Governance Board

A Procurement Governance Board will be established, with multi-disciplinary membership including Partnership representation. The Procurement Governance Board will provide assurance on all aspects of the procurement process including the NHS Fife position within the national Procurement Commercial Improvement Programme. The PCIP Programme has been adopted as the Quality Management System which is scrutinised independently and audited by Audit Scotland.

## Risk

Risk registers are maintained in line with the Procurement Journey and the organisational DATIX risk assessment system is supported. Risk management will be scrutinised in the Audit, Legislation and Risk monthly work sessions to ensure the entire scope of activity is scrutinised and that all Critical Systems and risks are being managed effectively.

Supplier Risk is managed through both the application of the Supplier Relationship Management process (SRM) and High Risk/Critical Suppliers are reviewed annually by way of a Financial Health Check carried out by the Procurement Team. This Health Check utilises Dun and Bradstreet reporting and any other public information where appropriate.

## Audit

On a five-year rolling cycle Internal Audit review procurement positioning, performance and controls and advises the Audit and Risk Committee appropriately.

## Business Assurance Work Sessions

All external improvement plans/strategies and audit actions are fed into the Business Assurance Work Programme within the Procurement Department. In these sessions, programme actions and continuous improvement areas are tracked and monitored. These sessions will be implemented and held each month, covering:

- Audit, Legislation and Risk
- Supplier and Contract Management
- Key Performance Indicators
- Procurement Commercial Improvement Programme
- Shared Learnings
- Procurement Strategy
- Sustainable Procurement
- Spend Aggregation and Non-Pay

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| <ul style="list-style-type: none"><li>• NHS Fife will maintain a programme of Business Assurance and ensure reporting is timeous and accurate by maintaining Action Logs to track continuous improvement.</li></ul> |
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## Key Performance Indicators and Balanced Scorecard

To ensure the department's performance is visible to service users across Fife, a comprehensive set of KPI's and Balanced Scorecard will be maintained. Progress will be reviewed at a monthly KPI work session and reported to the Director of Finance by the Head of Procurement. In addition, through the Performance & Accountability Review Framework already in place across NHS Fife, KPIs will be reported to the Chief Executive and wider Executive Directors Group on a quarterly basis (the procurement function is reported via the wider Finance Directorate). This is a key component of the governance and assurance process across NHS Fife. In order to ensure we measure our performance according to any changing needs of the organisation, the KPIs and Scorecard will be reviewed annually.

- 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.

## Management Information

NHS Fife continue to utilise the Spend Analyser tool, developed from the original Procurement Dashboard by NHS Fife.

Focussing budget holders on the information they need to be aware of i.e. volume and price changes allows them to work collaboratively with their staff and Procurement to develop solutions to counter the changes.

- NHS Fife will continue to deliver Spend Analyser to budget holders and invest time in supporting them in getting maximum value from the tool.

## The Future

Opportunities to harness new technologies will ensure Procurement provide both;

- A better service to our customers
- Value creating Opportunities through assessing our rich seam of Procurement Data

- The Procurement Team will harness these new technologies by continuing to offer to be a pathfinder for national initiatives such as;
  - Scan for Safety
  - Blockchain Logistics
  - Artificial Intelligence
  - Automation of Processes and Logistics

## Strategy Management

### Reporting

An annual report on this strategy is required to be published on the NHS Fife website as set out in the Procurement Reform Act.

The annual report will be prepared by the Head of Procurement and presented to the Finance, Performance and Resources Committee for approval before publication following the end of each Financial Year.

### Communication

This Procurement Strategy will be published on the NHS Fife website as set out in the Procurement Reform Act. The Procurement Strategy/Annual Report will also be shared with all members of the Procurement Team each year by the Head of Procurement.

### Strategic Action Management

Actions will be tracked in the Business Assurance Work session dedicated to the Procurement Strategy.

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/packageing 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	Progress to be reported in Annual

	used wherever appropriate	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>• all subcontractors are made by no later than thirty days from date of receiving an invoice</li> <li>• subcontractors pay their subcontractors no later than thirty days from date of receiving an invoice</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 conventional Programme Board reporting structure to SGHSCD, Boards and associated national partners.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
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 continuous improvement.	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.
33	NHS Fife will ensure performance	Progress to be reported in Annual

	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.	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>• Scan for Safety</li> <li>• Blockchain Logistics</li> <li>• Artificial Intelligence</li> <li>• Automation of Processes and Logistics</li> </ul>	Progress to be reported in Annual Procurement Report for 2019 2020 Published in Q3 2020.

## **PROCUREMENT GOVERNANCE BOARD**

### **TERMS OF REFERENCE**

#### **1 Introduction**

- 1.1 The 2019 – 2024 Procurement Strategy includes a set of actions which will be reported on in the annual Procurement reports. A governance group is required to ensure that these actions and other actions/objectives set by the organisation are being monitored through to a satisfactory conclusion.
- 1.2 It is vital to staff and patients that projects, supplies and services of the highest quality within optimum commercial arrangements are delivered on time to NHS Fife. The proper management of procurement activity is an important factor contributing towards the efficient operation of NHS Fife and the attainment of corporate objectives as identified within the Procurement Strategy. Within the scope of the Procurement Governance Board is non-pay expenditure procured under commercial terms of trade, through the central Procurement Department, part of the Finance Directorate, as well as the following devolved areas of procurement managed by other Departments:
- Pharmacy
  - Capital
  - Facilities, Construction and Maintenance
  - eHealth
- 1.3 Non-pay budget areas out of scope are rates, water charges, payments to other public organisations and payments for GP services.

#### **2 Purpose**

- 2.1 The purpose of the Procurement Governance Group is:
- To ensure that departments with procurement responsibility deliver consistent application of best procurement practice and Board Standing Financial Instructions to support the optimisation of savings.
  - To develop and maintain a Board wide Procurement Strategy which takes account of the latest National, Regional and professional procurement developments and trends.
  - To maintain procurement standards based on published best practice and ensuring that the organisation has the capability of delivering compliance with these standards.
  - To establish a supportive peer review process which will allow the continuous quality improvement of procurement in the organisation.

- To ensure that technology is used effectively to improve efficiency and productivity across the procurement function and its relationship with users and other stakeholders.
- To maintain a strategy for effective engagement with the procurement service users and the board's supplier base and to ensure that open and transparent processes are in place to encourage participation and competition.
- To ensure that appropriate capabilities and accreditations are maintained to provide a procurement service that achieves the Procurement and Commercial Improvement Program (PCIP) A+ rating.
- To maintain a set of key performance indicators (KPIs) which will allow the overall procurement performance to be understood and monitored.
- To monitor progress on the Regional Procurement Programme.
- To provide escalation points in the service to achieve procurement savings.

### **3 Membership**

- 3.1 The Procurement Governance Board will be chaired by the Director of Finance, with the Head of Procurement providing management and oversight of the administration of the Board.
- 3.2 Membership of the Procurement Governance Board comprises representatives of the following areas:
- Service / General Managers (Acute and Health & Social Care Partnership)
  - Medical Directorate
  - Nurse Directorate
  - Public Health
  - Human Resources
  - Financial Management
  - Financial Services
  - Estates & Facilities
  - Capital Planning
  - eHealth
  - Pharmacy
  - Staff side
- 3.3 It is the responsibility for the relevant Director / heads of these departments to nominate a senior representative with delegated authority to make decisions on their behalf at the Procurement Governance Board meetings.
- 3.4 Members should make every effort to attend all meetings of the Group. In the event a member cannot attend a particular meeting, they may nominate a deputy to represent them.



- 3.5 Any other individual deemed appropriate by the Chair may be invited to attend for specific meetings or agenda items.

## **4 Meetings**

- 4.1 The Procurement Governance Board will meet quarterly.
- 4.2 The Chair shall preside at meetings of the Procurement Governance Board. If the Chair is absent from any meeting, the Chair will nominate an Executive Director to chair the meeting in their absence.
- 4.3 The meeting will be quorate with at least five members in attendance.
- 4.4 The agenda and supporting papers will be sent out at least five working days before the meeting. All papers will require a cover paper in the form of the standard SBAR template, clearly indicating if a decision is required, or if the information is for discussion or noting only.
- 4.5 The Head of Procurement will ensure there are appropriate administrative support arrangements in place, including agreement of the agenda with the Chair, collation of papers, taking minutes and maintaining an action log and forward planner.

## **5 Authority and Governance Arrangements**

- 5.1 The Procurement Governance Board has been established to assist with the development of health services, service change and strategic planning in Fife.
- 5.2 In order to fulfil its remit, the Procurement Governance Board may obtain professional advice as deemed necessary.
- 5.3 The Procurement Governance Board will agree an annual workplan reflecting the priorities of the Procurement Strategy and any 'business as usual' matters.
- 5.4 The Procurement Governance Board will provide a key component of overall assurance in support of the organisational financial governance arrangements.
- 5.5 The Procurement Governance Board is accountable to the Executive Directors Group for the achievement of the objectives associated with the Procurement Strategy.

*Last update: September 2019*

*Next update: September 2020*