

**Procurement Report**

**April 2020 to March 2021**

**Date of Issue: September 2021**

**Date of next review: April 2022**

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# 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.

The Annual Report provides information on how we consult and engage with our stakeholders, as we follow our approved procurement strategy. The 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 Board’s trade expenditure, which was circa £120 million in 2020/21.

# Summary of Regulated Procurements Completed

## 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.

## Summary of Procurements

The following tables summarise NHS Fife’s regulated procurements in 2020/21.

|  |  |  |
| --- | --- | --- |
| **Type of Regulated Procurement** | **Qty in Period** | **Estimated Value** |
| Contract Awards | 56 | £10,037,261 |
| **Total regulated procurements** | **56** | **£10,037,261** |

## Awards without a competitive procurement process

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

The Tender Waiver Process identifies spend that has not been subject to the procurement regulations and can normally be categorised within the following criteria:

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;
	1. Property rental.
	2. Client legal representation
	3. Legal advice.
	4. 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.

# Review of Regulated Procurement Compliance

## 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.

## 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 of the Procurement journey methodology is followed when procurement activities fall below the OJEU level, whilst route 3 of the procurement journey methodology is followed for OJEU procurements. Any Call-off contracts are checked with the host organisation, including NHS National Procurement, Scottish Government, and where necessary Crown Commercial Service for compliance with regulations and policy before we enact these.

From 01 January 2021, following the UK exiting the European Union, any procurement activity requiring tenders are now published on a new e-tendering portal, called Find a Tender Service (FTS) instead of the previously used OJEU.

## Delivering against our Mandatory Obligations

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

**Commitment 1 – Regulated and OJEU/FTS 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/FTS 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. Due to the initial reallocation of resource in response to the COVID-19 pandemic, and in support of service remobilisation, the Director of Finance and Strategy has established a Procurement Governance Board to monitor and develop the Procurement Departments contribution to this objective.

**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 achieved this by ensuring we utilised central framework agreements from our Procurement Centre of Expertise (CoE), NHS National Procurement and the Scottish Government.

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

We have pledged to work with colleagues in NHS Fife to utilise NHS Fife’s 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. While our focus in the period was responding to the COVID-19 pandemic, we supported the virtual P4H (Procurement for Health) Conference in September 2020 and, where practical, held virtual supplier engagement sessions.

We will continue to reduce barriers to our opportunities to suppliers and identify ways of opening up opportunities to new suppliers and to ease the administrative burden on small and micro suppliers. We will support the Supplier Development Programme, support the P4H Conference and, where practicable, hold ‘Meet the Buyer’ events to encourage- wider engagement in the local economy.

**Commitment 7 -** **Community Benefits**

NHS Fife has adopted the principles of an Anchor Institute and has created a Programme Board to consider and develop ways that it can use its influence to enhance the community benefits of the people of Fife. NHS Fife Procurement will play a key part of this programme in the coming years using its considerable influence to help maximise the benefits an Anchor Institute can provide in the local community.

**Commitment 8 – Food Procurement**

NHS Fife Procurement 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 developed in NHS Fife.

A number of national food contracts have been organised into lots to encourage and assist engagement from a wider variety of suppliers in the local area.

**Commitment 9 – Scottish Living Wage**

NHS Fife Procurement will work with its suppliers through its contracting and relationship management to look at opportunities to encourage its suppliers to implement the Living Wage within their staff structures where this does not already apply. NHS Fife are utilising the Scottish Government’s Workforce Matters Procurement Policy to assist with this commitment.

NHS Fife Procurement Team will further engage with its suppliers and attempt to increase its understanding of the supply chains wage policies.

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

NHS Fife have stated that all non-NHS Fife personnel working on site are expected to adhere to NHS Fife health and safety processes and procedures. NHS Fife’s Estates 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 that any works completed on behalf of the NHS Fife are performed to the current Health and Safety standards. All building tenders and quotes are run in accordance with the Construction (Design and Management) Regulations 2015.

## Strategy Performance Review

Within our 2019 Procurement Strategy our objectives are set out and the status of these objectives is reported in Section 8.

## Invoice Payment Performance

A key feature of Procurment’s element of NHS Fife’s Anchor Institute Programme is ensuring that our suppliers are paid promptly to influence enhanced cashflow between suppliers in the economy.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 2020/21 financial year.

|  |
| --- |
| Invoice Payment Policy |
| Average number of days credit taken | 23 |
|   |   |
| Contractual 30 day payment policy |  |
| Total number of invoices | 111,753 |
| Total number of invoices paid within 30 days | 102,626 |
| % by volume of invoices paid within 30 days | 92% |
| % by value of invoices paid within 30 days | 95% |
|   |   |
| Aspirational 10 day target |   |
| Total number of invoices  | 111,753  |
| Total number of invoices paid within 10 days | 93,058  |
| % by volume of invoices paid within 10 days | 83% |
| % by value of invoices paid within 10 days | 90% |

# Community Benefit Summary

## General Policy

NHS Fife’s Community Benefits in Procurement Policy 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.

## Benefits delivered in period

As a consequence of the Covid-19 Pandemic and the initial reallocation of resources as a response, no Community Benefit Clauses were applied to contract in the report period. It is anticipated however that in the coming years with the introduction of the NHS Fife Community Benefits in Procurement Policy, progress will be made and demonstrated in subsequent Procurement Reports.

# Supported Businesses Summary

## Trade with Supported Business

NHS Fife Procurement recognise the need to ensure spend to Supported Business is maximised. Over the period of this report, one supported business (a local supported business, Matrix Fife) has received orders from NHS Fife. NHS Fife review all opportunities to engage with this supplier and other Support Businesses.

## Engagement work

Due to the pressures of the pandemic and the initial reallocation of resources, no engagement work with supported businesses was undertaken in the period. NHS Fife however remains committed to supporting Supported Businesses and the importance of social enterprises and intends to identify ways to increase spend in this sector and report in future Annual Procurement Reports.

# 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 |
| Funeral Directors | October 2021 | £100,000 |
| Medical Services at NHS Hospital (Neurology) | September 2021 | £100,000 |
| Medical Services at NHS Hospital (Oral Maxillofacial) | September 2021 | £70,000 |
| Taxi Services | December 2021 | £350,000 |

# 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. The report is owned by the Head of Financial Services & Procurement.

# Procurement Strategy 2019

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

|  |  |  |
| --- | --- | --- |
| Number | Action | Status |
| 1 | NHS Fife will assess all regulated procurements for inclusion of Community Benefit Clauses. | Continues to form part of NHS Fife’s procurement process. |
| 2 | Utilise the National Supported Business Framework. | Framework suppliers not utilised in the period but NHS Fife has engaged with another supported business (Matrix Fife). |
| 3 | Consider Supported Business wherever possible. | Continues to form part of NHS Fife’s procurement process. |
| 4 | Increase Supported Business expenditure year on year. | Increases to be measured year-on-year in subsequent Procurement Reports. |
| 5 | Consider Social Enterprises wherever possible. | Continues to form part of NHS Fife’s procurement process. |
| 6 | Apply Community Benefits Clauses wherever possible. | Continues to form part of NHS Fife’s procurement process. This will form a key focus for Procurement in the Anchor Institute Programme. |
| 7 | Increase Social Enterprise Expenditure year on year. | Increases to be measured year-on-year in subsequent Procurement Reports. |
| 8 | NHS Fife will specify recycled products or ensure they come from sustainable sources in specifications wherever possible in line with our Sustainable Procurement agenda. | Continues to form part of NHS Fife’s procurement process. |
| 9 | NHS Fife will specify recyclable product/packaging from contracted suppliers. | Continues to form part of NHS Fife’s procurement process. |
| 10 | Implement Technical User Groups for all key procurement projects. | Continues to form part of NHS Fife’s procurement process. |
| 11 | Ensure public/patient participation is used wherever appropriate. | Continues to form part of NHS Fife’s procurement process. |
| 12 | Provide representation to National Clinical/Commodity Advisory Groups. | Continues to form part of NHS Fife’s procurement process. |
| 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. | Continues to form part of NHS Fife’s procurement process. |
| 14 | Engaging Public Health and Dietician colleagues onto Technical User Groups for food procurements. | Continues to form part of NHS Fife’s procurement process. |
| 15 | Ensuring Healthy Choices are available to patients and staff. | Actioned within NHS Catering units. |
| 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. | Continues to form part of NHS Fife’s terms and conditions of contract. |
| 17 | NHS Fife will by way of Terms and Conditions specify that * all subcontractors are paid by no later than thirty days from date of receiving an invoice; and,
* subcontractors pay their subcontractors no later than thirty days from date of receiving an invoice.
 | Continues to form part of NHS Fife’s terms and conditions of contract. |
| 18 | NHS Fife will continue to use Public Contracts Scotland as above and utilise the Public Contracts Scotland Tender (PCST) tool for regulated procurements. | Continues to form part of NHS Fife’s procurement process. |
| 19 | NHS Fife will use the Procurement Journey process and documentation for all regulated procurements. | Continues to form part of NHS Fife’s procurement process. |
| 20 | NHS Fife will continue to seek opportunities to nurture Procurement Talent wherever possible. | Continues to form part of NHS Fife’s procurement process. |
| 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. | Continuing professional development applied through application of NHS Scotland TURAS process and workplace development programme. |
| 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. | NHS Fife will engage in future PCIP assessments, develop an improvement plan and report in future Procurement Reports. |
| 23 | NHS Fife will carry out bi-annual PCIP assessments of Pharmacy/Construction and Estates. | This is yet to be established and will be reported on in future Procurement Reports. |
| 24 | NHS Fife will support Continuous Improvement through the central Procurement Team carrying out bi-annual PCIP assessments within areas such as Pharmacy, Estates and Digital and Information, with targeted work sessions and ongoing support and advice. | This is yet to be established and will be reported on in future Procurement Reports. |
| 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. | The Programme activity was paused during the COVID-19 pandemic but recommences during 2021/22. |
| 26 | NHS Fife will optimise the online Self Service approach for Procurement. | Implementation of helpdesk software was delayed due to the COVID-19 pandemic but is launched at the beginning of the 2021-22 financial year.  |
| 27 | NHS Fife will continue to consider the One-Touch/Automation agenda when designing internal procurement processes. | Procurement are a key member of the Medicines Automation Programme and continue to engage with Digital and Information Colleagues to consider automation where appropriate |
| 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. | Regional and National Collaboration has increased as a result of the Pandemic and continues to form part of NHS Fife’s procurement process. |
| 29 | NHS Fife will work with the NDC to optimise throughput through regular work sessions. |  Regular meetings are held to discuss progress and collaborate on emerging issues. |
| 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. | Critical focus for board with formal engagement plan with drive for management of expenditure though best value supply chain dimensions.  |
| 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. | A Technical User Group has been established which assists clinical colleagues to support their HAI objectives |
| 32 | NHS Fife will maintain a programme of Business Assurance and ensure reporting is timely and accurate by maintaining Action Logs to track continuous improvement. | A Plan has been approved to create an Additional post of Deputy Head of Procurement, which will have responsibility for the programme of Business Assurance. Including the maintenance of action logs to assist with progressing improvements. |
| 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. | A Procurement Governance Board has been established which will oversee performance measurement to ensure it is in line with the organisation’s needs. |
| 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. | The Spend Analyser tool was de-commissioned; however, we will engage with budget holders to identify and support alternative means to monitor spend. |
| 35 | 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
 | The Procurement Department continues to look for opportunities to harness new technologies to provide a better service to stakeholders and consider value creating opportunities.  |