



# Procurement Report

**April 2021 to March 2022**

**Date of Issue: September 2022**

**Date of next review: April 2023**

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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.

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 £146 million in 2021/22.

## 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 NHS Fife's regulated procurements in 2021/22.

Type of Regulated Procurement	Qty in Period	Estimated Value
Contract Awards	13	£3,245,347
<b>Total regulated procurements</b>	<b>13</b>	<b>£3,245,347</b>

### 2.3 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;
  - 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.

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2. The requirement can only be delivered by a certain supplier through an exclusive right under regulation 33(1) of the aforementioned regulations.

## **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.

### **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 of the Procurement journey methodology is followed when procurement activities fall below the Government Procurement Agreement (GPA) level, whilst route 3 of the procurement journey methodology is followed for GPA 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.

Any procurement activity requiring (GPA) tenders are now published on the e-tendering portal, called Find a Tender Service (FTS) instead of the previously used OJEU.

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

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

#### **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 GPA procurements and to use Procurement Journey Route(s) 2 & 3. Each of the specifications and evaluation criteria used 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 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 P4H (Procurement for Health) Conference. The 2022 Procurement for Health Conference was held at Edinburgh International Conference Centre and saw members from NHS Fife attend the all-day event. This conference provided a platform for guest speakers from Scottish Health Boards, National Services Scotland and suppliers (both incumbent and new) and allowed various "meet and greet" and "Q&A" sessions throughout the day. The conference provided opportunities for suppliers to showcase

new products, network with NHS Scotland staff, and explore ways to work across Scotland's procurement marketplace throughout 2022 and beyond.

In addition, and where practical, we held a number of virtual supplier engagement sessions throughout the year to build better working relations and ensure contract compliance.

We will continue to reduce barriers to our opportunities to suppliers and identify ways of opening opportunities to new suppliers and to ease the administrative burden on small and micro suppliers. We will support the Supplier Development Programme 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 implemented a Programme Board to consider and develop ways that it can use its influence to enhance the community benefits of the people of Fife. The NHS Fife Procurement team will play a key part of this programme in the coming years using its considerable influence on non-pay spend direction to help realise 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.

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.

NHS Fife Procurement is engaged with the Food 4 Fife Partnership and Strategy project, where public bodies, communities and businesses are coming together to work across all aspects of the food system to help solve some of the health, environmental and economic challenges facing Fife's population today.

### **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.

**3.4 Strategy Performance Review**

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

**3.5 Invoice Payment Performance**

A key objective of Procurement’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 local economy. As such payment times are 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 2021/22 financial year.

Invoice Payment Policy	
Average number of days credit taken	14
Contractual 30-day payment policy	

Total number of invoices	128,197
Total number of invoices paid within 30 days	117,168
% By volume of invoices paid within 30 days	91%
% By value of invoices paid within 30 days	95%
<b>Aspirational 10-day target</b>	
Total number of invoices	128,197
Total number of invoices paid within 10 days	98,781
% By volume of invoices paid within 10 days	77%
% By value of invoices paid within 10 days	90%

## 4 Community Benefit Summary

### 4.1 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.*

### 4.2 Benefits delivered in period

As a result of the ongoing construction of the new Fife Orthopaedic Elective Centre a number of community benefits have been delivered throughout the year through the Graham Group as follows:

#### Employment

Four existing apprenticeships were utilised on the project during the year.

Seven new apprenticeships were recruited directly or indirectly through supply chain partners.

Three apprentices completed their apprenticeship frameworks whilst working on the project.

Nine employment opportunities for graduates and postgraduates were created as a direct result of the project.

#### Skills & Training

Six work placements of a duration between one and four weeks were provided to local students.

Seventy-eight pupils from local schools were engaged with to present on careers and the project in general.

## **5 Supported Businesses Summary**

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

NHS Fife Procurement recognise the need to ensure spend to Supported Business is maximised. Over the period of this report, two supported business, Lady Haig's Poppy Factory Ltd and Matrix Fife have received orders from NHS Fife. NHS Fife continues to review all opportunities to engage with these suppliers and other Supported Businesses that are identified.

### **5.2 Engagement work**

As well as continued engagement with Matrix Fife, we have engaged with another Supported Business, Lady Haig's Poppy Factory Ltd to provide remembrance material for NHS Fife in the period. NHS Fife 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.

## 6 Future Regulated Procurement Summary

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

Ref	Title	Estimated Value
FIF21095	British Sign Language (BSL) Interpreters Remote & In-Person (Ad-Hoc, Planned & OOH)	£50,000
FIF21029	Fire Alarm Maintenance	£50,000
FIF21031	Air Conditioning and Refrigeration	£56,000
FIF19019	Provision of Transport and Storage of Deceased (Funeral Directors)	£100,000
FIF21117	Community Language Interpreters Remote & In-Person (Ad-Hoc, Planned & OOH)	£120,000
FIF21019	Provision of Taxi Services	£360,000

## **7 Report Ownership**

In line with the Procurement Reform Act 2014 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.

## 8 Procurement Strategy 2019

The NHS Fife Procurement Strategy was approved by the Board's Finance, Performance & Resources Committee in September 2019 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.	Supported Businesses utilised in the period were; Lady Haig's Poppy Factory Ltd and 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.	The following spends are reported: 2020/21 – £19,906 2021/22 – £26,171
5	Consider Social Enterprises wherever possible.	Continues to form part of NHS Fife's procurement process.
6	Apply Community Benefits Clauses wherever possible.	This forms a key focus for Procurement as part of 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 <ul style="list-style-type: none"> <li>• <i>all subcontractors are paid by no later than thirty days from date of receiving an invoice; and,</i></li> <li>• <i>subcontractors pay their subcontractors no later than thirty days from date of receiving an invoice.</i></li> </ul>	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.	NHS Fife are supporting 6 procurement staff to undertake a specifically designed work-based Procurement People Development Programme delivered by Scotland Excel. The initial design commissioned by NHS Lothian, now includes ongoing joint development by Fife, Grampian, Highland, Lothian, and Tayside Health Boards to ensure delivery meets the needs of the individuals and procurement services.
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 The NHS Knowledge and Skills Framework (KSF) development review process via the NHS Scotland TURAS system 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.	PCIP assessments have been suspended across the Public Sector for a further 12 months. 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	<p>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 &amp; Resources Committee. This will be in addition to the conventional Programme Board reporting structure to SGHSCD, Boards and associated national partners.</p>	<p>The Programme activity was paused during the COVID-19 pandemic but recommenced during 2021/22.</p> <p>Phase 1 – Business Case Scope Review (Complete)</p> <p>Phase 2 – Case for Change Review (Complete)</p> <p>Phase 3 – Service Arrangement Analysis (Complete)</p> <p>Phase 4 - Options Appraisal (In Progress) – non-financial options scoring currently in progress with financial appraisal to follow</p> <p>Phase 5 – Full Business Case (due March 2023)</p>
26	<p>NHS Fife will optimise the online Self Service approach for Procurement.</p>	<p>The ServiceNow Procurement Helpdesk has now been fully implemented. Customer satisfaction rates will be reported on in future Procurement Reports.</p>
27	<p>NHS Fife will continue to consider the One-Touch/Automation agenda when designing internal procurement processes.</p>	<p>Procurement is a key member of the Medicines Automation Programme and continue to engage with Digital and Information Colleagues to consider automation where appropriate.</p>
28	<p>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.</p>	<p>Regional and National Collaboration has increased as a result of the Pandemic and continues to form part of NHS Fife's procurement process.</p>
29	<p>NHS Fife will work with the NDC to optimise throughput through regular work sessions.</p>	<p>Regular meetings are held to discuss progress and collaborate on emerging issues including PPE and product shortages.</p>

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.	Formal engagement plan implemented to drive management of expenditure through 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.	Procurement continues to support HAI objectives through involvement of Infection Control representation at appropriate National Commodity Advisory Panels, Capital Equipment Management Group, the Clinical Contingency Group and other local Technical User Groups when required.
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 Deputy Head of Procurement was recruited in January 2022, and who has undertaken 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 decommissioned, and a new version is currently being development by National Services Scotland. In the interim procurement will engage with budget holders to identify and

		support alternative means to monitor spend.
35	<p>The Procurement Team will harness these new technologies by continuing to offer to be a pathfinder for national initiatives such as:</p> <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>	The Procurement Department continues to look for opportunities to harness new technologies to provide a better service to stakeholders and consider value creating opportunities.