



NHS Borders Annual Procurement Report April 2020-March 2021

Title	Annual Report – Procurement
Executive Summary	An overview of the activities of the Procurement Function within NHS Borders is provided.
Author	Shona Milne, Head of Procurement
Responsible Director	Andrew Bone, Director of Finance

Andrew Bone – Director of Finance

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Shona Milne – Head of Procurement

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Introduction

The primary purpose of the Procurement Annual Report to the Borders Executive Team (BET) is to provide assurance regarding the capability and capacity of the function to support NHSB Corporate Objectives.

NHS Borders Procurement (centrally co-ordinated and devolved) is managed across the Organisation in line with the Code of Corporate Governance and a detailed Procurement Strategy.

The publication of this report ensures compliance with the Procurement Reform (Scotland) Act 2014 which requires public bodies in Scotland to publish an Annual Report

Overview of NHSB Procurement Activity

The primary function of the Procurement Department is the tendering and contract activity that NHSB must undertake to be compliant with Public Sector procurement law and the Procurement Reform (Scotland Act) 2014. The team also provide a broader systems and reporting support that underpins our procure to pay processes. The Logistics staff support the warehousing and stock management system (Ward Product Management) as well as providing an NHS Borders wide Courier service.

The following annual volumes provide an indicator of the activity that was supported by the Procurement Team in 2020/21

0 x OJEU (European law) Tenders

2 x Regulated Procurements (Published on PCS)

1 x Mini-competition from Framework (NP676-17 – Medical Services)

15 x Quick Quotes (No. of Quick Quote requests via Public Contracts Scotland)

247 x Local Contracts (On Corporate Contract Register)

19,375 purchase orders (PECOS)

108,000 warehouse movements pa (No. of lines ordered via Stores excluding receipts)

The NHSB Procurement Team is strong on day to day controls with high levels of compliance/contract cover and low levels of 'maverick' spend. The team focus is on facilitating the tender/contract process in support of internal customer requirements whilst ensuring the NHSB maintains strong regulatory and statutory compliance.

The Procurement and Logistics Department in NHS Borders operate a wide service, undertaking contract development and implementation activities while providing leadership and support to the devolved procurement areas within NHS Borders.

However in Financial Year 2020/21 Procurement activity focused mainly on COVID-19 Activity. This meant that tendering activity (in particular for Capital projects) was not undertaken or very limited.

NHS Borders Budget

There are two distinctive spend areas: Pay and Non-Pay Spend.

Non Pay spend is also further divided in to Non Trade Spend and Trade Spend.

- **Non Trade Spend** is spend between NHS Borders and other Healthcare or Public Sector Bodies, Health and Social Services and Charitable organisations.
- **Trade Spend** is the spend that is influenceable by Procurement (includes devolved Procurement departments; Estates, Capital, IMT).

Trade Spend is defined as spend with third party suppliers. In 2020/21 Trade spend for NHS Borders was **£55.7m (Source: Scottish Procurement Information Hub (Spikes Cavell). This includes £19m to Local Authority (Scottish Borders Council).**

Within the procurement influenceable spend approximately 50% is procured through public sector frameworks and contracts (including but not limited to National Procurement Frameworks, Scottish Government Frameworks and Crown Commercial Services Frameworks).

The remaining expenditure is managed within NHSB (local contracting activity). This information is detailed on the Corporate Contract Register and is available to view on the Public Contracts Scotland website (Regulated Contracts only).

When undertaking contracting activity NHS Borders is obliged to meet the minimum governance and accountability requirements as set out in the McClelland Report and Procurement Reform (Scotland) Act 2014. Compliance is tested through audit and the bi-annual Procurement & Commercial Improvement Programme (PCIP) assessment. Confirmation of NHS Borders meeting these requirements is given through the Executive Lead for Procurement from the Board. A requirement of the regulations is for Public Sector Organisations to report on its regulated procurement activities as soon as practicable after the end of the financial year.

Regulated Procurements are contracts >£50k. Contract requirements in excess of £50k which cannot be met by existing, collaborative framework agreements are advertised on the Public Contracts Scotland website.

Review of regulated Procurement Compliance

NHS Borders adheres to the Procurement Journey methodology for all of its procurements where a tendering procedure is required and all of the regulated procurement activity listed has been carried out in accordance with the NHS Borders Code of Corporate Governance and Standing Financial Instructions.

Devolved procurement arrangements for low value and low risk procurements are also subject to NHS Borders governance arrangements through its Standing Financial Instructions and Procurement Protocol.

Any single tender/quotation approvals are carried out in line with NHS Borders Standing Financial Instructions and Procurement Protocol and strict criteria are applied to the review and approval process

for single tender/quotation approvals and NHS Borders Audit Committee apply a further level of scrutiny.

NHS Borders Regulated Procurements undertaken during 2020/21

Date	Supplier	Contract/Framework Title or Subject Matter	Value	Procurement Route
No Regulated Procurements were undertaken locally by NHS Borders during 2020/21.				
Call-off from Framework(s)				
14/12/20	Synaptik	Dermatology Services	£158,000	Call-off from Framework NP676 Medical Services
Medical Equipment Purchases >£50k				
22/12/20	Fresenius	Renal Machines	£62,400	Call-off from Framework
8/2/21	Hologic	Specimen Radiology System	£82,800	Single Quotation***
2/2/21	Olympus Keymed	Surgical Stacking System	£376,219	Call off from Framework
2/2/21	Karl Zeiss	Operating Microscope	£132,947	Single Quotation***
15/1/21	BMM Weston	Autoclave for Labs	£52,584	Single Quotation***
22/12/20	Heidelberg	OCT Ophthalmology (compatibility with NHS Lothian)	£86,400	Single Quotation***
22/12/20	Daybreak Medical	Laser Ophthalmology (compatibility with NHS Lothian)	£86,400	Single Quotation***

*** Key Criteria - Compatibility with existing equipment.

Competitive Quotations (Not Regulated Procurements) 2020/21

Despite not being a mandatory requirement of the Procurement Reform (Scotland) Act 2014, NHS Borders have taken the view that in the interests of openness and transparency, we will publish details of contracts under £50,000 contract value, awarded using a competitive quotation, award against Framework or single quotation request.

Date	Supplier	Contract/Framework Title or Subject Matter	Value	Procurement Route
		Fire Doors (Stairs @ Borders General Hospital)		Quick Quote (PCS)
25/8/21		Ward 4 Backlog		Quick Quote (PCS)

		Maintenance.		
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*** Key Criteria - Compatibility with existing equipment.

Health & Social Care Contracts

These are generally specialist needs contracts managed by our Commissioning Team. The contracts for these services are put in place with multiple providers (both locally and out of the Borders area). The use of the light touch regime ensures compliance with legislation.

The individual nature of these arrangements creates a significant risk of data breach if they are publicised in more detail, therefore any contracts of this type are excluded from the list.

Community Benefits

Under the requirements of the Procurement Reform (Scotland) Act 2014 the contracting authority must, before carrying out the procurement consider, whether to impose community benefit requirements as part of the procurement. This applies to contracts with a value greater or equal to £4,000,000.

At the tender development stage NHS Borders consider community benefits within the tender evaluation criteria (where appropriate).

NHS Borders will continue to seek opportunities to impose formal community benefit requirements where the nature of the procurement would be appropriate.

NHS Borders have completed SOP/Plan for implementation of the Community Benefits Gateway. Head of Procurement is involved in local Workgroup and communications channels have been agreed to publicise the CBG. Third Sector engagement is strong with 5 Third sector organisations involved at this stage. Joint Health Improvement Team will triage and monitor bids.

Summary of any Community Benefits imposed as a result of these procurements:

- No applicable contracts awarded in 2020/21

Fair Work and Real Living Wage

During 2021 NHS Borders has become a Living Wage Accredited Organisation (working with the Poverty Alliance). Fair Work principles will be embedded in appropriate Contracts. This demonstrates NHSB Borders commitment to payment of Real Living Wage for Directly Employed Staff and Regular Contracted Staff.

Local Suppliers

In 2020/21 NHS Borders spend with local businesses was £2.2m (4% of Trade Spend). This does not include spend with Local Authority (Scottish Borders Council).

Supported Businesses

Contracting Authorities may restrict participation in a regulated Procurement (Other than EU regulated procurement) to supported businesses only.

NHS Borders supports the involvement of supported businesses and the requirement is included within tenders for regulated procurements (>£50k) where appropriate.

Our procurement guidelines include the requirement to request quotations from Supported Businesses where appropriate.

We have engaged with Dovetail Enterprises in Financial Year 2020/21 and placed orders to the value of **£195,000**. This project was the replacement of fire doors throughout Borders General Hospital.

Opportunities – Summary of the regulated procurements NHS Borders expects to tender in the next two financial years. (21/22 and 22/23)

Contract/Framework Title or Subject Matter	Renewal or New	Estimated Contract Value	Expected Contract Start Date	Procurement Route
Aseptic Pharmacy Dispensing Suite	New	Tbc	Tbc	Local Tender
MacMillan Centre Refurb	New	Tbc	Tbc	Local Tender
Repairs & Maintenance Framework	Renewal	n/a	Tbc	Local Tender
Galavale Reprovision (Scoping works)	New	£10k	Tbc	Local Tender
CT Scanner Installation	New	Tbc	Tbc	Local Tender
Endoscopy Equipment – Replacement of Washers	New	£500k	Tbc	Mini Comp from Framework
Changing Places Facility	New	£77k	Tbc	Local Tender

NHS Borders will utilise National Contracts and Frameworks where appropriate.

Please note this list is subject to change dependant on available Capital Funding and prioritisation of projects. COVID-19 activity is also a contributing factor to potential project delays. Contract values are estimates.

Note also that not all projects will be over the works contract threshold of £2m and will therefore not be regulated procurements. In the interests of transparency these have been detailed as the tender opportunities will be advertised on the Public Contracts Scotland Portal.

All regulated contracts will be advertised on the Public Contracts Scotland Portal. Where National Frameworks exist these will be utilised by either calling off our requirement from the Framework of entering in to a mini-competition/tender with the suppliers on the Framework to obtain best value.

Capital Projects with a value greater than £750k are either directed through Hub South East Scotland (Primary Care Projects) or Frameworks Scotland 3 (Acute (In-Patient) Facility Projects).

It is mandated that NHSB utilise the Public Contracts Scotland system for the issue of all tendering opportunities.