




NHS Borders Annual Procurement Report


April 2022-March 2023

Title	Annual Report – Procurement
Executive Summary	An overview of the activities of the Procurement Function within NHS Borders is provided.
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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 Procurement Reform (Scotland) Act 2014 requires Public Sector bodies with a trade spend in excess £5m per annum to publish an annual report after the end of each financial reporting period which covers all regulated procurements. The Act requires:

- a summary of the regulated procurements that have been completed during the year covered by the report.
- a review of whether those procurements complied with the authority's procurement strategy, to the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply.
- a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report.
- a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report.
- a summary of the regulated procurements the authority expects to commence in the next two financial years.
- such other information as the Scottish Ministers may by order specify. This report covers the reporting requirements for NHS Borders for the period 1st April 2022 to 31st March 2023. In addition to the mandatory requirements the report includes details of the unregulated procurements which have been carried out through the quick quote process to provide further visibility on the Boards procurement activities during the year.

Regulated Procurements (definition):

A regulated procurement is any procurement for:

- goods or services with an estimated value of more than £50k over the contract life.
- any works with an estimated contract value of more than £2m over the contract life. All regulated procurements require to be published on the Public Contracts Scotland Portal

Procurement Team

NHS Borders have a small procurement team (5.4 WTE) who are responsible for the full range of procurement services across the Board. This includes supporting the organisation in ensuring compliance with the procure to pay processes. The team also play a key part in ensuring staff are adhering to the Standing Financial Instructions (SFIs) and ensuring the requirements of the Procurement Reform (Scotland Act) 2014 are met as well as broader systems and reporting support. Currently the Head of Procurement is the only member of the team undertaking the regulated procurement work covered by this report. In addition, there is a member of staff within the Estates and Capital Team who is able to carry out regulated procurement work for that particular area as a devolved function.

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 & Stores staff (4 WTE) support the warehousing and stock management system (Ward Product Management).

The following annual volumes provide an indicator of the activity that was supported by the Procurement Team in 2022/23

- 0 x OJEU/FTS Tenders
- 0 x Regulated Procurements (Published on PCS)
- 2 x Mini competition from Frameworks (Quick Quotes on PCS)
- 4 x Call-off from National Frameworks (>£50k)
- 7 x Local Quick Quotes (Published on PCS)

- 15,234 x purchase orders (PECOS)
- 7,251 x Purchase orders to National Distribution Centre (NDS)

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.

In Financial Year 2022/23 the Board was still in the COVID recovery/re-mobilisation phase. This meant that local regulated procurement activity (in particular for Capital projects) was not undertaken or very limited.

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

Non-Pay spend is also further divided into 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 with 3rd Party Suppliers that is influenceable by Procurement (includes devolved Procurement departments; Estates, Capital, IMT).

Trade Spend is defined as spend with third party suppliers. In 2022/23 Trade spend for NHS Borders was **£41.1m** (£37.5m in 21/22) (**Source: Scottish Procurement Information Hub (Spikes Cavell)**).

Within the procurement influenceable spend the majority of spend 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 is a mixture of regulated and unregulated spend depending on the contract value. This information is detailed on the Corporate Contract Register (Regulated & Unregulated) and is also 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 evaluated through an 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 their regulated procurement activities as soon as practicable after the end of the fiscal year.

Review of regulated Procurement Compliance

Regulated Procurements

A regulated procurement is any procurement for:

- goods or services with an estimated value of more than £50k over the contract life.
- any works with an estimated contract value of more than £2m over the contract life. All regulated procurements require to be published on the Public Contracts Scotland Portal

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 2022/23

Date	Supplier	Contract/Framework Title or Subject Matter	Value	Procurement Route
In 2022/23 NHS Borders did not award any Regulated Procurements. Procurement activity consisted of Unregulated (below £50k for goods & Services or below £2m (Works). Or our requirements were met by calling off from National Frameworks. In the interests of transparency this report details all the Unregulated Procurement activity for this period.				

Un-Regulated Procurements 2022/23

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.

Type	Supplier	Contract/Framework Title or Subject Matter	Value	Procurement Route
Works	Lothian Glass	Window Replacement & All Works.	£16,900	Quick Quote (PCS)
Works	Galashiels Glass & Glazing	Door Set & Panel Window Replacement	£16,800	Quick Quote (PCS)
Works	Pinnacle Roofing (Scotland)	Roof Overlay to SCBU	£51,000	Quick Quote (PCS)
Works	Williams Refrigeration	New Pharmacy Cold Room	£63,000	Quick Quote (PCS)
Works	Henderson Grass Machinery	Tractor with Plough/Gritter	£59,000	Quick Quote (PCS)
Works	A-Tech Heating	Kelso Hospital Boiler Replacement	£64,000	Quick Quote (PCS)
Works	Pinnacle Roofing (Scotland)	Primary Services Block Roof Repairs	£22,000	Quick Quote (PCS)
Mini-Competition	Deloitte	Data Analysis Consultancy	£45,000	Mini comp From CCS Framework (Quick Quote PCS)
Mini-Competition	BT	Replacement of Legacy Voice Trunks (Telecoms)	£89,000	Mini comp from CCS Framework (RM3808) (Quick Quote PCS)
Call-Off	Stryker	Arthroscopy Equipment Lease (5 Year)	£283,724	Call-off from National Procurement Framework (NP674)
Call-Off	Highland Fuels	Supply of Fuel	£87,258	Call-off from Scottish Government Framework (utilising CCS RM6177)
Call-off	Clinysis	Annual Support & Maintenance of LIMS System	£80,582	Call-off from National Procurement Framework
Call-off	Restore	Confidential Waste Uplift	£50,469	Call-Off from CCS Framework (RM6175)

Health & Social Care Contracts

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.

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

- No applicable contracts awarded in 2022/23

Community Benefits Gateway

The NHS Scotland Community Benefits Gateway is now live in the Scottish Borders. The aim of the Community Benefits Gateway is to connect Third Sector organisations and NHS Scotland suppliers who may be able to support local project needs with an 'in kind' offer. This could be support with volunteering, work placement opportunities, the provision of professional advice, assistance with building community facilities and much more.

In the Borders a partnership between NHS Borders, Borders Third Sector Interface (TSI) and NHS Scotland has been developed to ensure local arrangements are in place to promote the Gateway. The partnership has agreed that local priorities for community benefits to be supported through the Gateway are:

1. Reducing Health Inequalities
2. Contributing to Anti-Poverty Work
3. Improving health & wellbeing

The Gateway is part of NHS Scotland's ambition to ensure that through all of our areas of work we bring maximum benefits to the people of Scotland.

Through the easy-to-use online tool, willing NHS Scotland suppliers can be matched with Scottish third sector organisations who are looking for assistance with a variety of needs.

NHS Borders Joint Health Improvement Team will triage and monitor bids.

Fair Work and Real Living Wage

During 2021 NHS Borders became 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.

In 2022/23 there were no applicable regulated procurements in which to apply Fair Work Practice criteria.

Local Suppliers

In 2022/23 NHS Borders spend with local businesses was £1.8m. (4.3% of Trade Spend). This does not include spend with Local Authority (Scottish Borders Council) and has increased since last year by approx. £1.4m. **(Source: Scottish Procurement Information Hub (Spikes Cavell)).**

Supported Businesses

Contracting Authorities may restrict participation in a regulated Procurement tendering process 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 utilising the Supported Business Framework (extended to 9th July 2023).

We have been working with Dovetail Enterprises on a complete refurbishment of Fire Doors within our main Acute Hospital over the last 2 years and there will be some ongoing spend over the next two years.

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

Opportunities – Summary of the regulated procurements NHS Borders expects to tender in the next two financial years. (23/24 and 24/25)

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	Tender
MacMillan Centre Refurb	New	Tbc	Tbc	Tender
Repairs & Maintenance Framework	Renewal	n/a	Tbc	Tender
Access Road (CT Enabling) & Car Park 2	New	Tbc	Tbc	Tender
CT Scanner Replacement	New	Tbc	Tbc	Tender
Mammography Development	New	Tbc	Tbc	Tender
Endoscopy Equipment – Replacement of Washers	New	£500k	Tbc	Tender
Bin & Linen Storage Works	New	£77k	Tbc	Tender

NHS Borders will utilise National Contracts and Frameworks where appropriate.

Please note this list is subject to change dependant on available Capital Funding, Resource and changing prioritisation of projects.

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 into 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 Southeast 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.

1. Organisation and report details	
a) Contracting Authority Name	NHS BORDERS
b) Period of the annual procurement report	1/4/22 – 31/3/23
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	YES
2. Summary of Regulated Procurements Completed	
a) Total number of regulated contracts awarded within the report period	0
b) Total value of regulated contracts awarded within the report period	0
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	0
i) how many of these unique suppliers are SMEs	0
ii) how many of these unique suppliers how many are Third sector bodies	0
3. Review of Regulated Procurements Compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	n/a
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	n/a
4. Community Benefit Requirements Summary	
Use of Community Benefit Requirements in Procurement:	
a) Total Number of regulated contracts awarded with a value of £4 million or greater.	n/a
b) Total Number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	n/a
c) Total Number of regulated contracts awarded with a value of less than £4 million that contain Community Benefit Requirements	n/a

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:	
d) Number of Jobs Filled by Priority Groups (Each contracting authority sets its own priority groups)	n/a
e) Number of Apprenticeships Filled by Priority Groups	n/a
f) Number of Work Placements for Priority Groups	n/a
g) Number of Qualifications Achieved Through Training by Priority Groups	n/a
h) Total Value of contracts sub-contracted to SMEs	n/a
i) Total Value of contracts sub-contracted to Social Enterprises	n/a
j) Total Value of contracts sub-contracted to Supported Businesses	n/a
k) <u>Other</u> community benefit(s) fulfilled	n/a
5. Fair Work and the real Living Wage	
a) Number of regulated contracts awarded during the period that included a Fair Work First criterion.	n/a
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	n/a
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract during the period.	n/a
6. Payment performance	
a) Number of valid invoices received during the reporting period.	44507
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	84.31%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	0
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0

7. Supported Businesses Summary	
a) Total number of regulated contracts awarded to supported businesses during the period	n/a
b) Total spend with supported businesses during the period covered by the report, including:	n/a
i) spend within the reporting year on regulated contracts	n/a
ii) spend within the reporting year on non-regulated contracts	n/a
8. Spend and Savings Summary	
a) Total procurement spend for the period covered by the annual procurement report.	£41.1m
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£14.6m
c) Total procurement spend with third sector bodies during the period covered by the report.	£2.17m
d) Percentage of total procurement spend through collaborative contracts.	80%+ (Cannot split down CAT A, B, C, C1)
e) Total delivered cash savings for the period covered by the annual procurement report	Not reported
	Not reported
9. Future regulated procurements	
a) Total number of regulated procurements expected to commence in the next two financial years	8
b) Total estimated value of regulated procurements expected to commence in the next two financial years	Not available