



NHS Orkney
Procurement Strategy
2020-2025

Version 0.2 11/10/2019

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1 Introduction / Executive summary

NHS Orkney recognises that effective management of the procurement of goods and services is an important contributing factor in the delivery of high quality, cost effective, patient care. Procurement is an enabler of corporate objectives and can support NHS Orkney in achieving its vision.

This Procurement Strategy reinforces Board level commitment to and involvement in the management of procurement deliverables. It sets out clear, measurable objectives and priorities for improvement which will be closely monitored. Progress against strategic objectives will be reported to the Board through the Senior Management Team.

This document updates the NHS Orkney 2016-19 procurement strategy. This strategy sets out clearly the procurement function's commitments over the period 2020-25 and is fully compliant with the following Procurement regulations governing Public Procurement in Scotland:

The Procurement Reform (Scotland) Act 2014

The Public Contracts (Scotland) Regulations 2015 and;

The Procurement Scotland Regulations 2016.

The strategy will be supported through line management structures and savings targets will be reflected within the savings plans of Departments.

The strategy will shape the Board's procurement procedures which set out the detailed operational controls governing procurement activity as set out in the Board's Standing Financial Instructions.

NHS Orkney will review its procurement strategy annually and make such revisions as it considers necessary.

1.1 Foreword from NHS Orkney Chief Executive

The procurement vision is to lead on commercial, procurement and commissioning practices and skills to deliver outstanding outcomes. We will have the people of Orkney and service users at the heart of what we do. We will deliver a range of services through working in partnership and collaborate with other NHS boards, other public sector bodies and third party organisations.

We will build on previous work to ensure that we maximise direct or indirect health, financial and environmental impact. The procurement function will operate in a way that is local and personalised for each customer group. We will ensure value for money is obtained, unnecessary costs are avoided and seek savings wherever possible. We aim to empower our staff to develop through continuous self improvement, including providing training opportunities to support NHS Orkney.

This strategy sets out our procurement objectives for 2020-2025; it explains how we will address the responsibilities placed upon us as a Scottish Public Sector body by the latest procurement regulations and how we will balance the need to obtain value for money, while also ensuring appropriate choice and provision of the best possible equipment and consumables. This should also be done in a way which is both environmentally and ethically responsible while supporting Scotland's health, maximising sustainability and providing best value.

NHS Orkney will maintain the resilience plans it has in place to mitigate the impact of any change to the current position of EU Exit arrangements. These are a combination of local plans and support from National Services Scotland who have fully developed resilience plans with Scottish Government.

Taking responsibility for the delivery of the objectives & goals within this strategy rests not only within the procurement team but across our entire workforce. Through

effective collaboration and collective responsibility, we will demonstrate the value that excellent procurement can deliver for Orkney.

A handwritten signature in black ink, appearing to read 'Gerry O'Brien', with a long horizontal stroke extending to the right.

Gerry O'Brien

NHS Orkney Chief Executive

2 Procurement Vision / Mission Statement

2.1 NHS Orkney Procurement Vision

Our stated vision is, ***“To be recognised as having leading commercial, procurement & commissioning practices and skills delivering outstanding outcomes. To have the people of Orkney and service users at the heart of what we do”***

2.2 NHS Orkney Mission Statement

Our stated mission is that, ***“We deliver our service in partnership with colleagues, patients and suppliers to ensure we achieve the optimum solution which balances available resources with the highest quality outcomes.”***

3 Strategy Rationale / Context

3.1 Purpose

The purpose of this strategy is to lay out a clear framework for the activities of the NHS Orkney Procurement function over the period of April 2020 – March 2025. This will provide the reader with a detailed understanding of what the priorities of the function are, the reasons these priorities have been chosen along with an action plan to deliver against these priorities.

3.2 Strategy Drivers

It is an accepted principle within the Scottish Public Sector that all of an organisation's non-pay expenditure should be subject to professional procurement influence. John F. McClelland's "Review of Public Procurement in Scotland" (McClelland, 2006), commonly referred to as the McClelland Report, outlined the path to "Best Value" in Public Sector Procurement and contained attributes and performance assessment metrics for organisations to aspire to and map their way to superior performance. NHS Scotland has used the McClelland Report as a basis for its Reform Programme and to develop its reform agenda aligned with Scottish Government and its Public Procurement Reform Programme. In support of this aim Procurement Centres of Expertise (CoEs) were created. The NHS Scotland CoE being NHS National Procurement hosted within NHS National Services Scotland.

3.2.1 Policy

NHS Orkney works within the Scottish Model of Procurement.

The Scottish Model of Procurement puts procurement at the heart of Scotland's economic recovery: use the power of public spending to deliver genuine public value beyond simply cost and/or quality in purchasing. This model is owned by the Scottish public sector: to work together to develop strategic relationships with key business and Third Sector organisations.

The Value for Money triangle sums up the Scottish Model of Procurement; it is not just about cost and quality, but about the best balance of cost, quality and sustainability.”

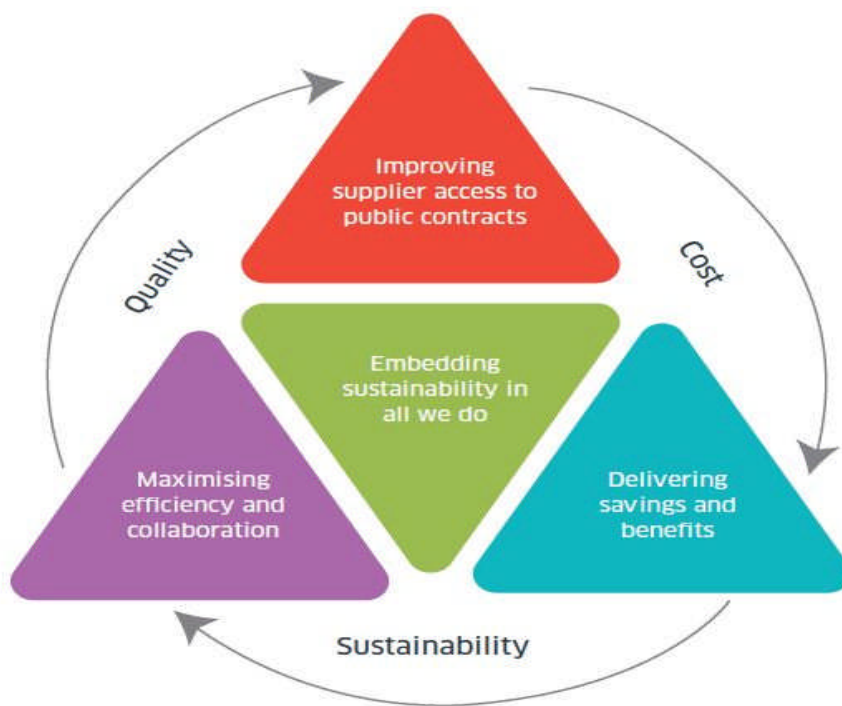


Figure 1 The Scottish Model of Procurement

How Procurement is structured

The figure below shows the inter-relationship between the different public procurement organisations and their respective responsibilities.

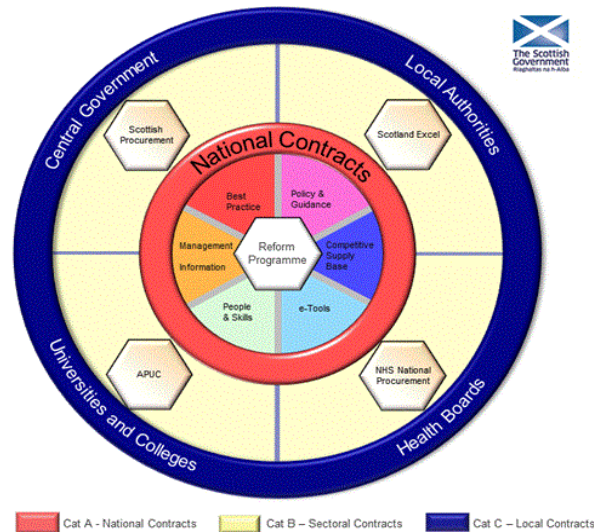


Figure 2 Scottish Procurement Structure

3.2.2 Health Policy

Within the Health context the NHS Scotland approach is controlled within the NHS Scotland Procurement Steering Group. The CEL 05 (2012) (Directorate for Health Finance and Information, 2012) sets out the key principles of this engagement to be adopted by all Health Boards and Special Boards in Scotland with regards to Procurement activity.

In Particular:

National & Sectoral, Regional and Local Contracts will be used as part of the strategy

Where a contract exists then it must be used within the Health Board or exceptions noted and justified.

Procurement, Clinical and Technical leads will work with NHS National Procurement, Regional Procurement and Local Procurement to support these contracts and ensure best value decisions are made for the board on their use.

Commodity Advisory Panels (CAPs) and Technical Users Groups (TUGs) will continue to function and report on supplier award and product selection through Procurement Steering Group.

3.3 The Economic Challenge

NHS Orkney must balance demand with resource. As detailed within its Operational Plan for 2018-19, NHS Orkney is required to deliver efficiency savings of £0.75m in 2019-20 and successive financial years to fund the recurring costs of the new healthcare facility (The Balfour). Other non-recurring cost pressures bring the total savings requirement to £2.05m p.a.

3.3.1 Procurement Capability

A focus of NHS Scotland’s drive to attain “Best Value” is the use of a Procurement & Commercial Improvement Programme (PCIP) (Government T. S., Procurement and Commercial Improvement Programme, 2016).

In February 2016 a PCIP assessment was performed on NHS Orkney which yielded a score of 57% aligning within the ‘Bronze’ performance band; which places the Health Board just within the upper 50% of NHS Scotland Procurement performance.

NHS Orkney’s positioning in this assessment provided a baseline and platform to drive and develop the function through our partnership with NSS National Procurement. NHS Orkney aim to achieve a score aligned with the ‘Silver’ performance band in the next PCIP assessment which is due in 2020.

| Performance Band | % Score |
|------------------------|----------|
| Non-Conformance | <25% |
| Blue | 26 > 40% |
| Purple | 41 > 50% |
| Bronze | 51 > 60% |
| Silver | 61 > 75% |
| Gold | >75% |

3.3.2 Hosted Procurement with National Services Scotland

NHS Orkney has recognised the skills gap required to sustain Procurement improvement and has moved to close this gap by utilising the skills from NHS National Procurement to provide a hosted procurement function. It is hoped that sharing this knowledge resource will lead to better local outcomes for all stakeholders. This service will focus on strategic procurement, encompassing contracting and tendering, governance, benefits tracking and compliance with all Procurement Regulations.

4 Strategic aims, objectives & key priorities

4.1 An enabler of corporate objectives

NHS Orkney Procurement's objectives operate in harmony with the Health Board corporate aims (Corporate Plan 2018/19) which are detailed below;

- *Improve the delivery of safe, effective patient centred care and our services;*
- *Optimise the health gain for the population through the best use of resources;*
- *Pioneer innovative ways of working to meet local health needs and reduce inequalities;*
- *Create an environment of service excellence and continuous improvement;*
- *Be trusted at every level of engagement*

Figure 3 NHS Orkney Board Aims/Objectives

4.2 Procurement Strategic Objectives

In support of NHS Orkney's corporate strategy, the following strategic objectives have been agreed;

Objective 1: Compliance and Governance

Objective

NHS Orkney has an obligation to have a governance structure in place to ensure compliance with Procurement Regulations and the Reform Act as well as promoting compliance with the NHS Orkney Standing Financial Instructions.

Target Areas

- Work closely with the Health Procurement Centre of Expertise to share knowledge and promote best practice.
- Measure compliance using appropriate processes and key performance indicators.
- NHS Orkney will advertise and manage all opportunities >£50K.
- Ensure public contract register has all contracts >£50K displayed.
- To be compliant with the Reform Act and the general and specific duties it imposes on Scottish authorities, including the Sustainable Procurement Duty.
- Update Procurement and Commercial Improvement Programme assessment.
- Create a list of approved suppliers use by Estates department.
- Ensure key risks and issues are recorded and mitigating actions in place.

Planned Outcomes

- Full audit trail of procurement decisions made and actions taken
- Improved contract compliance across NHS Orkney
- Procurement guidance updated to reflect current legislation
- Fully developed Procurement Workplan

Objective 2: Delivering Benefits

Summary

NHS Orkney is required to make ongoing efficiency savings annually. Procurement will work with stakeholders to achieve savings and deliver the NHS Orkney contract workplan.

Target Areas

- Efficiently and effectively implement contracts.
- Utilise national contracts and work with stakeholders to deliver identified savings.
- Review of NHS Orkney spend categories to identify opportunities.
- Work with stakeholders to identify and capture benefits from local opportunities.
- Identify key performance indicators and measure and report our progress against these regularly to the rest of NHS Orkney.

Planned Outcomes

- Delivery of the savings identified in the annual workplan.
- Delivering ongoing cost avoidances.
- Ensuring contract delivery and additional non-cash benefits from our supply base.
- Improve contract compliance across NHS Orkney.

Objective 3: Utilise Systems and Processes

Summary

NHS Orkney has an objective to create an environment of service excellence and continuous improvement. Procurement will utilise procurement systems and enhance processes to make it easier for suppliers and stakeholder to engage with procurement.

Target Areas

- Use all national systems to improve procurement outcomes.
- Use technology and systems to support compliant purchasing.
- Automate procurement processes where possible to reduce admin burden and allow procurement to focus on customers and supplier needs.

Planned Outcomes

- Migrate NHS Orkney to the new national catalogue solution, PECOS Catalogue Management (PCM).
- Migrate NHS Orkney to the national single instance of PECOS.
- Transfer the contract workplan to the national benefits tracker system Provalido
- Document and deliver improved processes.

Objective 4: Progress Sustainable Procurement

Summary

NHS Orkney has an aim to ensure that any procurement activity is undertaken in a way that can deliver the most benefit to society.

Target Areas

- Support and promote the benefits of sustainable procurement.
- To be compliant with the Reform Act and the general and specific duties it imposes on Scottish authorities, including the Sustainable Procurement
- To embed sustainability in procurements in a relevant and proportionate manner, as required by the Reform Act and to provide best value and secure wider social, economic and environmental benefits.

Planned Outcomes

- Work closely with internal NHS Orkney sustainability projects to integrate procurement activity within the wider NHS Orkney sustainability targets.
- Make it easier for medium, small and micro suppliers to work with NHS Orkney by providing easier access to contracting opportunities.
- Utilise supported businesses as much as possible.
- Look to promote opportunities with 3rd sector organisations where possible.

4.3 NHS Orkney Procurement structure

The overall governance and strategic leadership within the Board is controlled and directed by the Procurement Steering Group (PSG). Reflecting the strategic nature of this group the membership is as follows;

Procurement Steering Group Membership

- Director of Finance (Chair)
- Medical Director
- Director of Nursing, Midwifery & Allied Health Professionals
- Director of Pharmacy
- Head of Digital Transformation and IT
- Head of Hospital and Support Services
- Head of Service (OHAC)

Note: the PSG Terms of Reference is presented in Appendix A – Procurement Steering Group Terms of Reference.

User groups will be convened as required to progress specific projects or programmes. The NSS Hosted Procurement is to work closely with the above groups to agree, develop and drive Procurement performance within NHS Orkney.

5 Spend

In 2018-19 NHS Orkney had a non-pay spend of £8.03m to support the delivery of its objectives. A further £31m was incurred on the build of the new Balfour Hospital, completed in June 2019 under a Non Profit Distributing funding model.

The following chart provides a high level overview of where NHS Orkney spends its money each year to fund its operations.

CORPORATE AND SERVICE EXPENDITURE

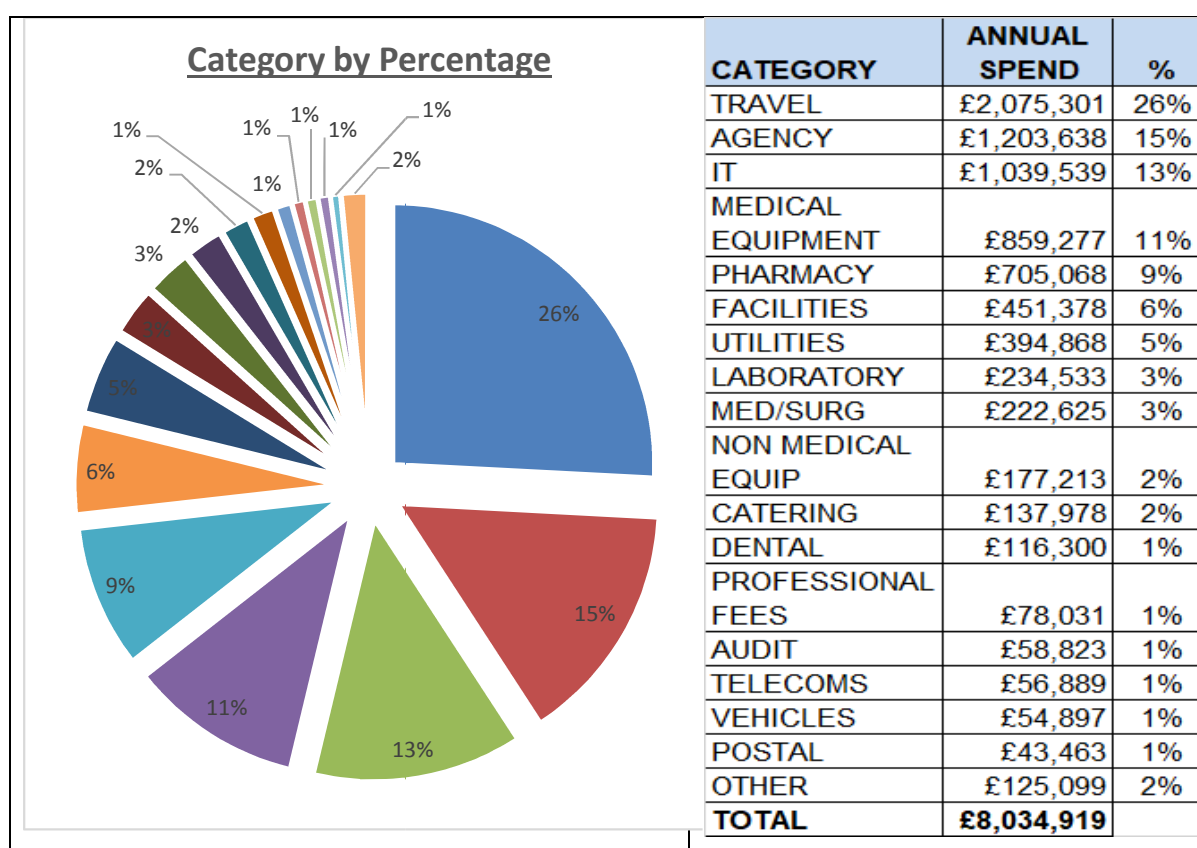


Figure 4 NHS Orkney Spend by Product / Service

N.B. Items with less than 1% spend are listed as “OTHER”. These include Contenance Products, Print/Stationery, Carriage, Taxis, Workwear, Staff Benefits, Waste, Medical Fees, Domestic/Cleaning, MFDs and Publicity.

6 Mandatory Obligations

6.1 Introduction

This section documents NHS Orkney Procurement's approach to meeting the mandatory requirements of the Procurement Reform Act.

6.1.1 Regulated Procurements

Our aim is to ensure that all Regulated Procurements, that is Procurement exercises of £50K and above in value, will be advertised on the Public Contracts Scotland website <http://www.publiccontractsscotland.gov.uk/>. NHS Orkney is committed to ensuring all suitable opportunities are advertised to support businesses across Scotland in gaining access to our product and service requirements. As NHS Orkney will be advertising on and subsequently awarding on the PCS website the functionality of the site will automatically publish and maintain our contract register for public viewing.

6.1.2 Achieving our purpose

Our stated mission is that, ***“We deliver our service in partnership with colleagues, patients and suppliers to ensure we achieve the optimum solution which balances available resources with the highest quality outcomes.”***

To ensure benefits are delivered effectively Procurement will engage closely with colleagues who are subject matter experts on substantive Procurements. For those regulated Procurements of a value between £50K and the threshold value at which the Procurement Regulations apply we will utilise the Procurement Journey Route 2 which documents, in detail, how such procurement exercises should be undertaken within the Public Sector in Scotland. All Procurement exercises above the threshold at which the Procurement Regulations will be delivered using the Procurement Journey Route 3. The Procurement Journey is developed to facilitate the public Procurement regulations and by following this journey provides assurance of equal and fair treatment of all suppliers bidding for projects.

6.1.3 Delivery of value for money

Value for money is defined in the online Business Dictionary as,

” A utility derived from every purchase or every sum of money spent. Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase.”

The most effective way of ensuring value for money is to openly and transparently invite bids for the suitably specified requirement from the supply market. The requirement will be specified as far as possible based on the required outcome to support and enable a wide range of potential solutions and suppliers. This allows each potential supplier, with their own unique capabilities and strengths to accurately estimate their approach to fulfilling the requirement.

NHS Orkney’s Procurement approach will be to harness as wide a supply base as possible for its requirements through advertising of opportunities and, for lower spend inviting three quotes from suitably qualified suppliers. The three quote process will utilise Route 1 of the Procurement Journey and will be performed using the Public Contracts Scotland Quick Quote procedure. Value for money can also be defined as delivering additional economic benefits for the local community.

6.1.4 Sustainable Procurement Duty

As Procurement professionals in the Scottish Public Sector we align ourselves with the Scottish Government’s Procurement Journey and the requirements of the Procurement Reform (Scotland) Act 2014 which requires that an Organisation must think about how they can improve the Social, Environmental and Economic wellbeing of the area in which they operate, with a particular focus on reducing inequality.

Regulated Procurements under National, Regional and Local commodity strategies are carried out in compliance with our sustainable procurement duty, through the use of the following tools;

- Scottish Public Procurement Prioritisation Tool;
- The Sustainability test;
- Life Cycle Impact Mapping; and
- The Scottish Flexible Framework

6.1.5 Engaging with our patients

In order to open dialogue with our patient population NHS Orkney use the Patient and Public Reference Group (PPRG) which meets quarterly. The PPRG is a network of local people with an interest in improving NHS services in Orkney. The NHS Orkney PPRG involves a range of people, including members of local community groups and voluntary organisations, and other interested individuals. This engagement involves the Procurement team presenting to the local population information about who we are, what we do, what benefits we bring to NHS Scotland in general and NHS Orkney in particular; from this introduction we elicit views and comments from the attendees on what is important to them in order to again focus Procurement on patient priorities. We will commit to attendance at this forum on an annual basis.

6.1.6 Engaging with Suppliers

NHS Orkney will continue to identify all service and product spend that is eligible to be subject to regulated procurements and will ensure that all such spend is advertised to the market through the Public Contracts Scotland (PCS) portal. Where it is found to be necessary to increase exposure and attract as much local/national interest as possible NHS Orkney use local company Orkney Employment to upload information on upcoming procurements onto social media sites such as Facebook, LinkedIn and Twitter. Interested parties are re-directed to the PCS portal.

6.1.7 Community benefits

In support of our commitment to the Sustainable Procurement Duty, we will commit to identify opportunities to embed community benefits within our contracts. These will relate to -

- training and recruitment, or
- the availability of sub-contracting opportunities, or
- which is otherwise intended to improve the economic, social or
- environmental wellbeing of the authority's area in a way linked to the main purpose of the contract in which the requirement is included.

6.1.8 Our approach to food procurement

NHS Orkney will work closely with NHS National Procurement and Orkney Islands Council to ensure the highest level of standards are maintained in both the obtaining of food supplies and the onsite preparation of food to ensure the wellbeing of our patients and staff; utilising the skills, knowledge and experience of NHS National Procurement will provide assurance that the highest standards of animal welfare is maintained at all times and that we are aware and are operating to the latest legislative requirements. Policy details are located in section 10.

6.1.9 Our position with regard to the Scottish living wage

NHS Orkney supports the right of employees to earn a fair wage which is sufficient to ensure them an acceptable standard of living. While it is not possible to set payment of the Living Wage to staff as a mandatory requirement within a competitive procurement process, NHS Orkney Procurement will work with suppliers through relationship management to look for opportunities for its suppliers to implement the living wage within their staff structures.

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

Orkney NHS Board exists to provide safe, high quality, sustainable healthcare and health improvement services to the people of Orkney. The Board recognises that it cannot provide these services unless it ensures, as far as possible, freedom from risk to the health, safety and welfare of staff, and others affected by the work undertaken and/or the nature of the business. Improvement and protection of health is a primary objective of the Board and it is prioritised equally alongside other business and operating objectives. (Oxley, 2014). All contractors are expected to adhere to NHS Orkney facilities management procedures (Policies, tools & procedures) when working on site.

6.1.11 Embedding Fair and Ethical Trading

NHS Orkney will consider the relevant and proportionate application of fair and ethical trading. Criteria will include questions designed to establish any breaches of environmental, social and employment law on the part of the supplier, details of any breach which has occurred and any subsequent measures the bidder has taken to “Self-Cleanse” and demonstrate reliability in this area.

As many of the goods and services that are used in Orkney are call offs from contracts and Frameworks procured by the National Procurement Centre for Expertise, these measures have been adopted into their contracting process already.

6.1.12 Supplier payments

NHS Orkney is committed to ensuring its suppliers receive payment within 30 days of delivery of agreed goods or services and to this end monitors effectiveness of payments as part of our balanced scorecard. NHS Orkney use the NHS Scotland standard Terms and Conditions. These conditions specify that contractors are required to make payment to sub-contractors within a specified period not exceeding 30 days from receipt of a valid invoice.

7 Monitoring, reviewing and reporting on strategies

7.1 Monitoring our objectives

The bulk of the stated objectives will be measured and shared with senior management on a monthly basis using a Balanced Scorecard (11.2 Appendix B) (Kaplan & Norton, 1996) measurement approach. The Balanced Scorecard not only measures financial benefits but also process, staff and customer facing benefits also. This will ensure we achieve a fair balance of priorities to deliver a best value Procurement function. We will also track objectives through the Procurement Steering Group meetings. The Balanced Scorecard summary is presented in Appendix B.

7.2 NHS Orkney Contract Register

NHS Orkney is fully committed to transparency in its spend with suppliers and supports the requirement of the Procurement reform Act (SSI, 2014) to publish a public facing contracts register. To this end NHS Orkney will utilise the functionality available on the Public Contracts Scotland website (NHS Orkney Public Contracts Register, 2016). All NHS Orkney public contracts of value above £50,000 shall appear on this register.

7.2.1 Approach to Framework Call Offs

Any call off from a Framework Agreement with a single supplier that exceeds or is it expected to exceed (in the case of multiple call offs) the threshold value of £50,000 over the lifetime of the Framework will (as soon as practicable) have an associated contract award notice placed on Public Contracts Scotland (Government T. S., 2016) advertising this fact. By virtue of the award placement an associated entry with the public contract register will be made.

7.3 Approach to Sourcing out with Framework Call Offs

Any requirement for sourcing out with a Framework agreement will be undertaken in line with NHS Orkney's SFI's and the relevant procurement legislation, with the

exception of medical locum staff. Due to the challenging nature and on occasion urgent requirement, compliance with the tendering process is not feasible and will be waived in relation to medical staffing.

7.4 Annual Report

The NHS Orkney Procurement annual report will be published as soon as reasonably practicable but no later than 5 months after the end of the financial year in line with statutory guidance (Scottish Government, 2016).

The NHS Orkney Procurement annual report will be approved by the NHS Orkney Procurement Steering Group in the first quarter of each year and then will be presented to the NHS Orkney Board for final approval before publishing on the NHS Orkney website. The annual report will contain the following information as a minimum;

- (a) A summary of the regulated Procurements that have been completed during the year covered by the report.
- (b) A review of whether those procurements complied with the NHS Orkney Procurement strategy.
- (c) To the extent that any regulated procurements did not comply, a statement of how NHS Orkney intends to ensure that future regulated Procurements do comply.
- (d) A summary of any community benefit requirements imposed as part of a regulated Procurement that were fulfilled during the financial year covered by the report.
- (e) A summary of any steps taken to facilitate the involvement of supported businesses in regulated Procurements during the year covered by the report.
- (f) A summary of the regulated Procurements the authority expects to commence in the next two financial years.

8 Delivering Procurement Excellence

8.1 Procurement Sub-Processes

To ensure Procurement excels in its purpose it is important that the three main sub processes of procurement are identified, understood and acted upon (Mena, van Hoek, & Christopher, 2014). The three sub-processes are presented in **Error!**

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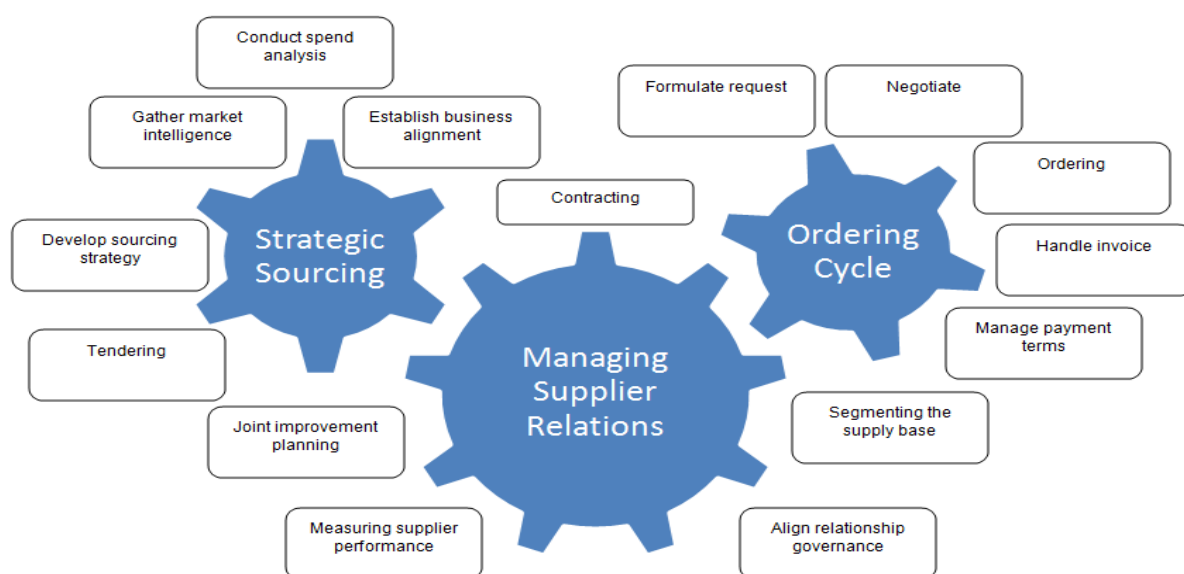


Figure 5 The three main sub-processes of Procurement

Strategic Sourcing - This will be led by NSS through the Hosted Procurement Service. This strategy sets out the alignment with NHS Orkney strategic objectives. A detailed work plan showing sourcing procedures which incorporate 1 The Scottish Model of Procurement has been and approved by the NHS Orkney Procurement Steering Group.

Managing Supplier Relations – This element again will be led by NSS through the Hosted Procurement Service. The approach will be in keeping with 1 The Scottish Model of Procurement and utilising the Balanced Scorecard approach detailed in the Procurement Journey (Government S. , Procurement Journey, 2016). Procurement will identify strategic suppliers to work with and develop joint sources of value for NHS Orkney.

Ordering Cycle – Working to previously accepted principles (Health Directorate, 2012) we will drive the adoption of Purchase Orders utilising the Public Sector E-Purchasing system (PECOS) and measure this on a monthly basis. If, however performance is not moving at the speed we require we will reserve the right to implement a, ‘**no PO no pay policy**’, we will also measure and report NHS Orkney’s payment performance to its suppliers to ensure we meet our 30 day payment target. We will look to drive efficiency by putting in place catalogues to reduce text based ordering and thereby supporting good spend Management Information; again this will be a measurable target.

8.2 Developing the Profession

Like most professions it is incumbent upon its leaders and practitioners to constantly strive to optimise the function. Integral to this is a process of Continuous Professional Development (CPD) this includes engaging with fellow professionals, attending conferences and courses, being part of the Professional body; i.e. Chartered Institute of Procurement and Supply (CIPS) (Supply C. I., 2016) and to read widely on the subject. All of these activities form part of the continuing development of NHS Orkney Procurement staff which are agreed within line management structures and recorded in the Turas, the NHS Education for Scotland digital learning platform.

8.2.1 PCIP as a strategic measurement tool

The Procurement and Commercial Improvement Programme is a detailed assessment tool designed to measure a Public Body’s procurement processes and results in line with best practice. The tool can and is used by Public Procurement Functions to plan and execute their strategies, policies, governance and execution plans. Procurement functions can utilise the tool to ensure that any strategic and operational processes are in line with Best Practice and receive recognition for this at assessment time.

9 Strategy ownership & contact details

This strategy will be subject to annual review and formal regular review by the NHS Orkney Director of Finance and Procurement Manager. This will take account of any changes to organisational objectives and in NHS and Scottish Government policies and strategies. This review will also take account of the key targets and National Framework objectives under development by the Procurement Steering Group.

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of Finance

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Name: Kirsty Francis

Designation: Procurement
Manager

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10 Policies, tools & procedures

National Policies, Tools and Legislation:

[Scottish Model of Procurement](#)

[Changes to European Directives](#)

[Public Procurement Reform Programme](#)

[Suppliers Charter](#)

[EU Procurement Thresholds](#)

[Procurement Journey](#)

[PCIP](#)

[Public Contracts Scotland](#)

[Public Contracts Scotland – Tender](#)

[Information Hub](#)

[The Construction \(Design and Management\) Regulations 2015.](#)

[Knowledge Hub](#)

NHSS Additional Terms and Conditions of Supply (Food) 2015

NHS Orkney Local Policies

All local policies and procedures can be accessed on the [NHS Orkney Website](#)

11 Appendices

11.1 Appendix A – Procurement Steering Group Terms of Reference

Role & remit of Procurement Steering Group

Membership

- Director of Finance (Chair)
- Medical Director
- Director of Nursing, Midwifery & Allied Health Professionals
- Director of Pharmacy
- Head of Digital Transformation and IT
- Head of Hospital and Support Services
- Head of Service (OHAC)

Supported by:

NHS National Services Scotland representative

Head of Finance

Procurement Manager

Systems & Process Support Officer

PA to Director of Finance

Remit

- To create and implement the Procurement Strategy
- Oversee implementation of annual action plans
- Monitor compliance with national contracts
- To ensure that procurement matters are integrated in wider corporate plans and objectives, e.g. transforming services, clinical strategy, property and asset management strategy, etc.
- Oversee contractual & tendering arrangements
- Act as project board for specific projects, e.g.
 - Procurement efficiency and redesign project
- Monitor performance of procurement function, including:
 - Capability assessments
 - Best Practice Indicators
 - Achievement of work plan savings
 - Progress re audit actions
 - Risk Management

Frequency of meetings

- Every six months
- Specific meetings where required for project management

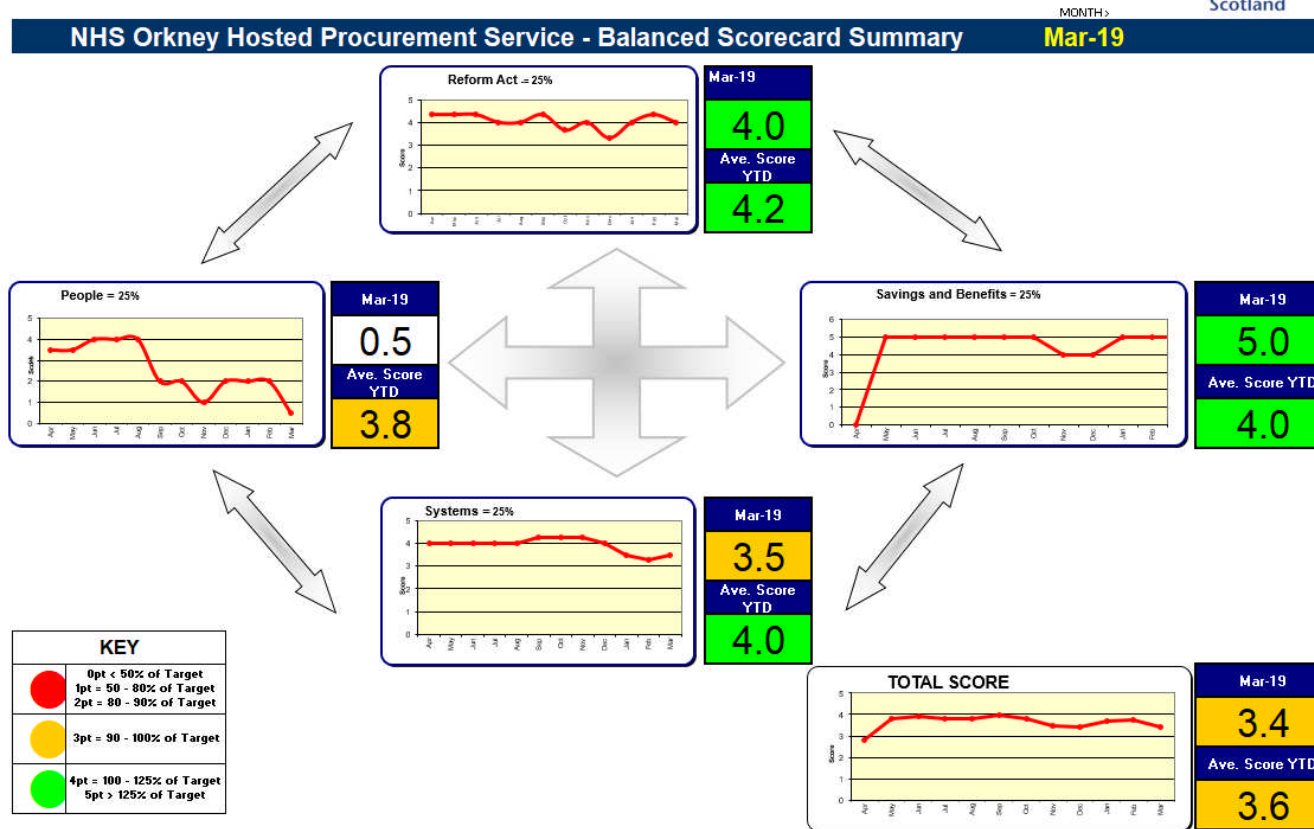
Governance

- Annual report to SMT and Finance & Performance Committee
- Procurement strategy to be approved by Board

Key Performance Indicators

- Year on year improvement in external Procurement and Commercial Improvement Programme (PCIP) evaluation rating.
- Target savings delivered
- Delivery of the annual Procurement Action plan
- Production of annual report for April board meeting
- Year on year improvement in compliance in the use of national contracts

11.2 Appendix B NHS Orkney Procurement Balanced Scorecard



above is fed through a monthly measuring process of the following targets and measures.



| TARGET | SCORECARD MEASURE | 2017-18 Perf | WEIGHT | OWNER | Baseline | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Target | |
|------------|---|--------------|--------|-----------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------|
| Reform Act | % Regulated Contracts on PCS CR (in year spend) | | 10 | Commercial team | 45% | 47% | 48% | 48% | 49% | 50% | 45% | 45% | 45% | 46% | 46% | 46% | 47% | 50% | |
| | National Contract implementation to Plan | | 10 | Commercial team | 72% | 74% | 74% | 75% | 75% | 75% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 75% |
| | PCIP score (preliminary) | | 10 | Commercial team | 57% | 63% | 65% | 65% | 67% | 70% | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 70% |
| | | | 30 | | | | | | | | | | | | | | | | |
| People | Processing catalogue change (within 2 days) (previously training) | | 10 | Commercial team | tba | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 100% |
| | PSG meeting attendance | | 10 | Commercial team | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 90% |
| | | | 20 | | | | | | | | | | | | | | | | |
| | National Contract Savings delivered | | 20 | Commercial team | 0 | 2,000 | 4,000 | 8,000 | 8,000 | 12,000 | 12,000 | 20,000 | 23,000 | 26,000 | 29,000 | 32,000 | 35,000 | 35,000 | |
| | | | 20 | | | | | | | | | | | | | | | | |
| Systems | Procurement System Spend (12mths £k) | | 10 | Technology Svcs | ? | 2722 | 2915 | 3150 | 3253 | 4000 | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 4000 | |
| | Catalogue usage (Transaction %) | | 5 | Technology Svcs | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| | Suppliers Performance | | 5 | Commercial team | 4 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | |
| | Invoice Payment Days (<10days) | | 5 | Commercial team | 75% | 78% | 78% | 79% | 79% | 80% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 80% |
| | Invoice Payment Days (<30days) | | 5 | Commercial team | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| | Sub Total | | 30 | | | | | | | | | | | | | | | | |
| | GRAND TOTAL | | 100 | | | | | | | | | | | | | | | | |

Figure 7 Balanced Scorecard Measures & Targets

12 Glossary

| Term | Definition |
|--|---|
| Commodity | Classification for NHS Orkney to provide the ability to accurately describe the primary business activities of their suppliers. |
| Category | A collection of similar commodities grouped together to support category management |
| Category Management | a process which relies on cross functional teamwork to generate procurement outcomes that fully satisfy agreed business needs |
| European Single Procurement Document (ESPD) | A single common document intended, by the European Commission, to reduce the administrative burden on bidders and remove some of the barriers to participation in public procurement, especially for small to medium-sized enterprises (SMEs) |
| Freedom of Information | A public "right of access" to information held by public authorities |
| Invitation to Tender | A call for bids, call for tenders, or invitation to tender (ITT, often called tender for short) is a special procedure for generating competing offers from different bidders looking to obtain an award of business activity in works, supply, or service contracts. |
| Supported Business | Supported businesses are social enterprises whose main aim is to integrate disabled or disadvantaged people socially and professionally. At least 30% of employees of the organisation must be disabled or disadvantaged, as specified in EU Directive 2014/24/EU . |
| Standing Financial Instructions | Details the financial responsibilities, policies and procedures adopted by NHS Orkney. They are designed to ensure that financial transactions are carried out in accordance with the law and government policy in order to achieve probity & accuracy. |

| | |
|---|---|
| Whole Life Costing | A technique used to establish the total cost of acquisition and ownership. It is a structured approach which addresses all the elements of cost and can be used to produce a spend profile of the product over its anticipated lifespan. |
| Circular Economy | A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life |
| Community Benefits | Community Benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social- economic and or environmental benefits. |
| Cost Avoidance | The act of eliminating costs or preventing their occurrence in the first place. It tends not to show up on, but materially impacts, the bottom-line cost and is normally referred to as a “soft” cost saving i.e. negating supplier requests to increase costs, procuring services/goods/ works under budget, obtaining prices lower than the market average/median |
| Small and Medium Sized Enterprises | Enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding Enterprises (SMEs) 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro |
| Knowledge Hub | A Website that is used to publish relevant information to health Board Stakeholders. This is the key depository for Buyer’s Guide, Savings Report and other information and communications required by Health Boards |

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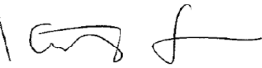
Key Information

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Approvals This document requires the following signed approvals.

| Name: | Signature: | Title: | Date: | Version: |
|----------------|---|-----------------------------|----------|----------|
| Mark Doyle |  | Interim Director of Finance | 23/12/19 | Final |
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