



NHS Orkney

Annual Procurement Report

April 2022 – March 2023

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1 Purpose

The purpose of this annual report is to highlight NHS Orkney’s 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 support the Health Board corporate aims (Plan on a Page 2023) as follows:

NHS Orkney 2022/23 Plan on a Page

Chief Executive's Intent. The pressure on the NHS continues to grow with few of the demands placed on the system in Orkney due to Covid abating. As a system we need to focus our efforts in 2023/23 on key actions and areas that allow staff to deliver their best to our community. Importantly staff need to be pragmatic that despite best efforts our size and resource constraints mean we may not be able to deliver all we would wish to. This plan on a page aims to articulate the priority areas with associated actions underneath.

Action Plan. Each priority is to be underpinned by a set of actions at an organisational level and NHS Orkney is supportive of these priorities being taken and translated to local actions. This Plan on a Page has been developed by the Senior Management Team and endorsed by....

Workforce	Culture	Quality & Safety	Systems & Governance	Sustainability
<p>Workforce is at the heart of NHS Orkney and our community. Now more than ever we face profound challenges and we must take steps to support and develop those we have and attract the best to join us.</p> <p>Action: Acknowledge range of pressures our workforce faces personally and professionally and support them through a range of actions.</p> <p>Invest in leadership and staff development</p> <p>Use the Healthcare Staffing Act to enhance to shape our actions in relation to staffing.</p> <p>Support teams to review their roles, responsibilities and engage with others to promote shared learning and collaboration</p> <p>Use the workforce plan to support succession planning.</p> <p>Explore how to strengthen the induction and orientation process</p> <p>Build on learning from Covid 19 to ensure wellbeing and resilience site central to our decision making process.</p>	<p>Culture is at the heart of how we continue to develop as an organisation securing the future that places the needs of those we care for central to how we act, by listening to our users, empowering staff to act, making decisions in a fair and open way, valuing high quality care and building a sustainable future.</p> <p>Action: Using the key engagement forums such as APF agreed shared actions in support of enhancing communication in, across and outside our organisation.</p> <p>Ensure the Clinical Strategy informs our strategic decision making process</p> <p>Explore development opportunities for staff to support enhanced communication skills</p> <p>Build on the learning from the HSE visit to ensure safety and risk management is firmly embedded in the way we work</p> <p>Work to ensure governance work is visible and meaningful to staff</p>	<p>Quality and Safety is critical to ensure we are delivering the best that need our care. Focusing on the experience of the patient and the outcomes they achieve will build confidence that we are delivering the highest quality care for our community.</p> <p>Action: Use latest guidance to rebuild meaningful patient feedback mechanisms</p> <p>Empower staff to make changes to improve care</p> <p>Support staff to learn when things don't go as planned</p> <p>Continue to embed the SAE and learning from incidents process</p> <p>Explore where single points of failure exist what can practically be done to address these</p> <p>Ensure learning from the HSE visit is embedded and risk management is firmly embedded with visible leadership present in all teams</p>	<p>Systems and Governance supports everyone working in the organisation to know the way we work is aligned to our values, is fair and that decisions made will be consistent.</p> <p>Action: Continue the focus on enhancing governance processes across NHS Orkney services</p> <p>Empower staff to take risks and decision in a collaborative open and transparent manner.</p> <p>Learning from Covid 19 remains a priority ensuring we are mindful of the wider impact on health and wellbeing across our community.</p> <p>Services must not make patients suffer because we do not wish to change, we need to share information, collaborate and ensure an effective flow across organisational boundaries.</p> <p>Build upon the communication successes to grow our impact.</p> <p>Strengthen training for leaders and managers to allow decision making to take place at an appropriate level</p>	<p>Sustainability has to be a goal that we drive for, not only environmentally but also financially and from a workforce perspective. NHS Orkney has profound challenges that will require consistent and multi year efforts to achieve sustainability.</p> <p>Action: Support the organisation to achieve a sustainable future by using the Clinical Strategy, Workforce plan and financial sustainability plans to inform and shape our decisions</p> <p>Use Net Zero as a driver for change in our models of care. Continue the progress of the multi year financial recovery plan with staff</p>

As well as providing information on how we consult and engage with our stakeholders, alongside the procurement strategy, this annual procurement report is a key document in enabling informed engagement with our external or internal stakeholders, our strategic partners, suppliers and potential suppliers.

As detailed within our Procurement Strategy this report will focus on the NHS Orkney’s corporate expenditure, which is £14.67 million.

NHS Orkney also had a spend of £1.687million on pharmaceutical products, mainly approved drugs, which is excluded from the corporate expenditure in this report.

2 Summary Against our Mandatory Requirements

2.1 Summary of Regulated Procurements

A regulated procurement is any contract procedure which is completed or where the award is published. This includes both contracts and framework agreements.

In accordance with the Procurement Reform (Scotland) Act 2014, any Public Contract of £50,000 or greater and any public works contract of £2,000,000 or greater is considered a Regulated Contract.

2.2 Summary of Procurements

The following tables summarise the regulated procurements in the period.

TITLE	CATEGORY	CONTRACT ACTIVITY	Supplier	AWARD DATE	START DATE	END DATE	VALUE PER ANNUM
NP510-18 Agency Nurses	CALL OFF - NATIONAL PROCUREMENT FRAMEWORK	Locums	Various Framework Agencies	01/04/2022	03/04/2022	31/03/2023	£791,316.21
						Total	£791,316.21

Within the period of this report NHS Orkney had 1 Call-Off from a Framework over the regulated spend value.

Within the corporate spend value NHS Orkney ordered £571,269.04 of products from the National Distribution Centre (NDC), which is the central store for all NHS Scotland Acute Health Boards of which £376,579.69 (66%) was covered by an approved national contract. This spend was contained within 68 national frameworks.

2.3 Collaborative Contracts

NHS Orkney exercised the 24-month extension on the collaborative contract with NHS Shetland for the Provision of Patient Transport Services between Aberdeen Airport and Aberdeen Hospital in this financial year.

2.4 Analysis of Non-Competitive Actions

NHS Orkney has some areas of spend above the regulated spend level that are not covered by a regulated procurement process.

Pure Health Group – NHS Orkney awarded £112,328 to Pure Health Group who are not a contracted supplier.

It should be noted that due to Orkney's geographical location and supply/ demand pressures for clinical workers it can be difficult to obtain locum cover and non-contracted suppliers had to be used to support the staffing needs.

2.5 Summary of Community Benefits

Within our Procurement Strategy we stated that NHS Orkney had a commitment to incorporate community benefits to improve the economic, environmental and social wellbeing of the Orkney Islands and we would use the recommended tools where appropriate.

- Scottish Public Procurement Prioritisation Tool.
- The Sustainability Test.

NHS Orkney have begun the process of implementing the Community Benefits Portal. Discussions are ongoing with Public Health, SG Colleagues and the Third sector locally.

2.6 Supported Business Summary

Within the report period NHS Orkney Procurement had no contracts with Supported Businesses locally or nationally. Procurement continues to review regulated procurements and include supported businesses wherever possible.

2.7 Future Regulated Procurement Summary

Below is a view of upcoming regulated procurements over the next 2 years NHS Orkney.

Contract Description	CATEGORY	Supplier	AWARD DATE	START DATE	END DATE	VALUE PER ANNUM
NP50523 Temporary Agency Allied Health Professionals & Other Clinical Professions	Renewal	Various Framework Agencies	Apr 2023	June 2023	May 2026	£380,000
NP571 - Continence Pads	Renewal	Single	Aug 2023	Sept 2023	Aug 2028	£101,000
Lab Managed Services	Renewal	Single	June 2024	July 2024	TBC	£375,000
Patient Transport	Renewal	Single	Jan 2024	Sept 2024	Aug 2028	£75,000

3 Review of Regulated Procurement Compliance

3.1 Introduction

This section demonstrates how NHS Orkney procurement has contributed to the achievement of our specific objectives and to the general duties in the Procurement Reform (Scotland) Act 2014. Section 3.3 discusses our performance against the mandatory elements of our strategy while section 4 details how we performed against our key performance measures.

3.2 How we review our Regulated Procurements

NHS Orkney Procurement observes the Procurement Journey methodology namely, Route 2 or Route 3, dependent on the value and requirements of the procurement.

Call off contracts are checked by the Procurement Department for compliance with regulations and policy before we enact these.

3.3 Delivering against our Mandatory Obligations

This section reviews our performance against the commitments stated in section 6 of our Procurement Strategy.

Regulated Procurements

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.

Delivery of value for money

We committed to obtain value for money through best practice contracting and supplier management. Over the period we delivered £73,000 through local saving initiatives, rebates and call-offs from National Contracts

Sustainable Procurement

Where applicable for tenders NHS Orkney will use the *Scottish Public Procurement Prioritisation Tool* to test for environmental, this is required in any local tendering and is applied on call offs from National Contracts.

We committed to ensuring our procurement activity was optimised to the Scottish model of procurement. We did this by utilising central framework agreements from our Procurement Centre of Expertise (CoE), NHS National Procurement and Scottish Government.

The Procurement manager is now a member of the NHS Orkney Sustainability Group and any upcoming Procurements are discussed at this forum.

Engaging with Patients

The Procurement Manager attends the multi-agency travel ferry and plane travel meetings held by Orkney Islands Council to participate 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.

For appropriate national contracts NHS Orkney has the opportunity for representation on Commodity Action Panels where strategies and specifications for products and services are designed.

Patient feedback forms are provided for patients who use the Patient Transport Service

Engaging with Suppliers

NHS Orkney have regular supplier meeting with key suppliers and KPI reporting is in place to monitor contract compliance.

Food Procurement

NHS Orkney has in place a joint procurement with Orkney Islands Council.

Scottish Living Wage

NHS Orkney Procurement includes an opportunity within tenders for Supplier to respond if they meet the Scottish Living Wage.

4 Strategy Performance Review

4.1 Key Measures

Within our strategy our objectives were measured by five key performance measures. Our performance in this section will be reviewed against the targets agreed against this performance which is measured using monthly KPI reporting.

4.1.1 NHS Orkney Strategic Objectives

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

Objective	Objective Name	Target	Result
1	Recurring Procurement Savings	£100K	£73K
<p>£26K of savings were made through stationery review. £10K were made through national contract savings and rebates.</p>			
2	PCIP Score - Procurement and Commercial Improvement Programme	65%	75%
<p>Objective summary - PCIP is the means by which Procurement functions within individual public bodies can measure their effectiveness and capabilities in a standardised way. Based on best practice assures stakeholders that the proper governance and procedures are in place. A PCIP review was undertaken in February 2020. The result for NHS Orkney is based on a Lite Assessment and achieved the highest available performance banding of Gold, score 75%.</p> <p>Achievements</p> <ul style="list-style-type: none"> ❖ Highly controlled local governance arrangements. ❖ Additional governance by working with NHS Scotland Centre of expertise team for strategic and operational support and advice where required. ❖ Managed Key Performance Measure dashboard. ❖ Good contract coverage and embedded procurement processes. <p>Opportunities</p> <ul style="list-style-type: none"> ❖ Staff development, sustainability and environmental measures. 			
Objective	Objective Name	Target	Result
3	Trade supplier spend on managed contracts	80%	93%

Objective summary: Measure to calculate how much of the regulated procurement spend is placed with approved contract suppliers.

Achievements

- ❖ Monthly review to identify any national contracts to be added to contract register and identify opportunities for new contract areas.
- ❖ Well-regulated local contract approval process including waiver register to manage spend associated in this category.

Opportunities

- ❖ Require to further develop processes to ensure all single purchases over regulated value can be easily identified added to contract register.

4	Suppliers on Supplier Management Programme	2	3
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Objective summary: Engage with key suppliers to measure performance through a set of Key Performance Measures (KPIs) to ensure compliance with contract performance.

Achievements

- ❖ Supplier management measures for contracts. (Patient Transport, Laboratory Managed Service, Direct Engagement Model)
- ❖ Regular meetings with key suppliers take place.

Opportunities

- ❖ Fully develop supplier risk matrix to identify any contracts where performance measures would improve efficiency or deliver potential benefit.

5	Spend with associated Purchase Order	65%	68%
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Objective summary: To ensure all appropriate spending is raised against a purchase order to provide assurance and evidence that organisational procedures have been adhered to and spend is more easily identifiable.

Achievements

- ❖ NHS Orkney has removed all manual purchase orders and implemented a no PO no payment policy. The only large areas of spend not using purchase orders are Utilities and Air Travel where NHS Orkney use an online booking system.

Opportunities

- ❖ Review full supplier spend profile to identify potential areas where Purchase Orders are not used including SLAs and set targets to reduce.

4.2 Invoice payment performance

This is an area of major importance within the Procurement and Finance communities, with payment times measured and reviewed on a monthly basis. The table below details our performance against the 30 day target and the aspirational 10 day target across the full 2021/22 financial year and a comparison against 2020/21.

Invoice Payment Performance	Target	Result 2022-23	Result 2021-22
Invoice Payment Days (<10days)	75%	60%	64%
Invoice Payment Days (<30days)	90%	82%	85%

Work continues across the organisation and within the Accounts Payable department to improve processes and payment performance to bring them in line with targets.

5 Other Items of Note

5.1 Procurement Structure

The Procurement team sits under the Finance Directorate of NHS Orkney.

The key responsibilities of the team are detailed below.:

- Review / Establish / Maintain local standard Procurement procedures.
- Agree / Establish procurement objectives.
- Propose savings targets and KPIs to track performance and monitor performance.
- Participate and contribute to delivery of procurement objectives in compliance with Customer's governance and audit protocols.
- Engagement with key stakeholders to develop commodity strategies and maximise savings delivery through National and Local Contracts.
- Manage contract implementations to maximise savings delivery.
- Use of mandated systems (PCS and PCS-Tender) in the contract tendering process.

6 Report ownership & contact details

In line with the Reform Act and to ensure our Annual Procurement report details our performance against strategy, this report will be subject to formal annual review and approval by the NHS Orkney Procurement Steering Group.



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7 Glossary

Term	Definition
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.
Supported Business	An establishment where more than 50% of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market
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.
Official Journal of the European Union	This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation, must be published.
The Sustainable Public Procurement Prioritisation Tool	<p>A tool to aid all procuring organisations across the Scottish Public Sector, it has been designed to bring a standard structured approach to the assessment of spend categories.</p> <p>https://www2.gov.scot/About/Performance/scotPerforms/partnerstories/SustainablePublicProcurementPrioritisationTool</p>

8 Annual Procurement Report template

The following table has been populated in line with Scottish Procurement policy advice SPPN 4/2019

1. Organisation and report details	
a) Contracting Authority Name	NHS Orkney
b) Period of the annual procurement report	Apr 22 - Mar 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	1
b) Total value of regulated contracts awarded within the report period	£791,316.00
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	1
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
Use of Community Benefit Requirements in Procurement:	
a) Total number of regulated contracts awarded with a value of £4 million or greater.	0
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	0
c) Total number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements	0
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 (<i>Each contracting authority sets its own priority groups</i>)	0
e) Number of Apprenticeships Filled by Priority Groups	0
f) Number of Work Placements for Priority Groups	0
g) Number of Qualifications Achieved Through Training by Priority Groups	0
h) Total Value of contracts sub-contracted to SMEs	unknown
i) Total Value of contracts sub-contracted to Social Enterprises	unknown
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	0

5. Fair Work and the real Living Wage	
a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	0
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.	0
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	0
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	0
6. Payment performance	
a) Number of valid invoices received during the reporting period.	12,655
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	60%
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	0
b) Total spend with supported businesses during the period covered by the report, including:	0
i) spend within the reporting year on regulated contracts	0
ii) spend within the reporting year on non-regulated contracts	0
8. Spend and Savings Summary	
a) Total procurement spend for the period covered by the annual procurement report.	£14,617,000
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	unknown
c) Total procurement spend with Third sector bodies during the period covered by the report.	unknown
d) Percentage of total procurement spend through collaborative contracts.	88%
e) Total targeted cash savings for the period covered by the annual procurement report	£100,000
i) targeted cash savings for Cat A contracts	£0
ii) targeted cash savings for Cat B contracts	£50,000
iii) targeted cash savings for Cat C contracts	£0
f) Total delivered cash savings for the period covered by the annual procurement report	£0
i) delivered cash savings for Cat A contracts	£0
ii) delivered cash savings for Cat B contracts	£0
iii) delivered cash savings for Cat C contracts	£0
g) Total non-cash savings value for the period covered by the annual procurement report	0
9. Future regulated procurements	
a) Total number of regulated procurements expected to commence in the next two financial years	6
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£4,325,000

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NHS Orkney Finance and Performance Committee

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