



NHS Orkney

Annual Procurement Report

April 2024 – March 2025

Date of Issue: September 2025

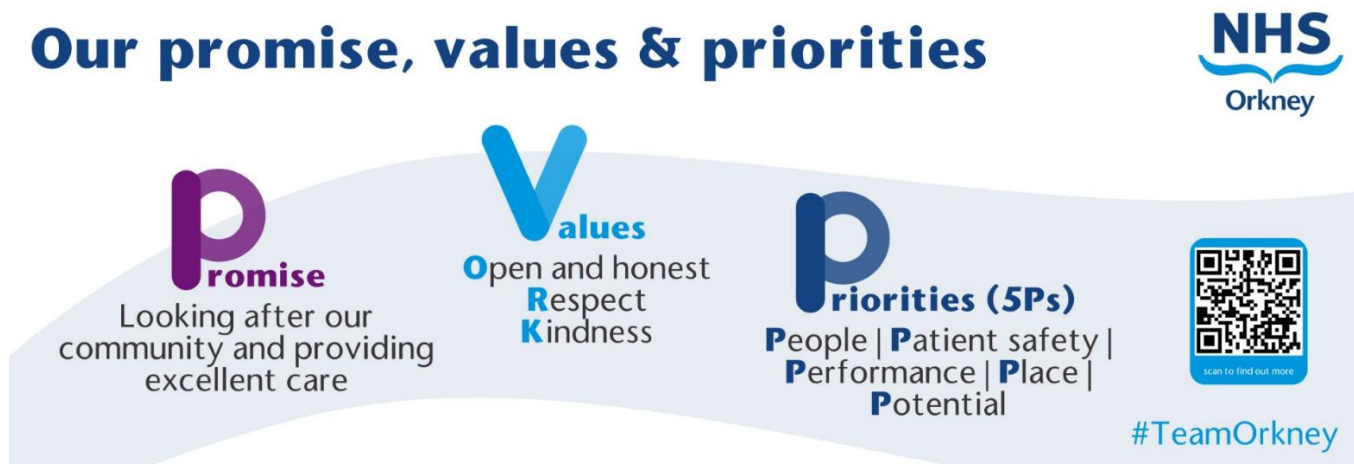
Date of Next Review: August 2026

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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 Strategy 2024-28 as follows:



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 £18.093 million.

NHS Orkney also had a spend of £1.527 million 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.

CONTRACT DESCRIPTION	CATEGORY	SUPPLIER	AWARD DATE	START DATE	END DATE	VALUE
Energy Efficiency Project – Year 2 Works	One off	Single	April 2024	May 2024	March 2025	£1,600,000
Lab Managed Services	Renewal	Single	Dec 2024	Jan 2025	Dec 2033	£7,591,000

Within the period of this report NHS Orkney had 1 Call-Off from a Framework over the regulated spend value. This was a direct award from NHS Supply Chain framework agreement for Laboratory Diagnostics, Point of Care Testing and Pathology Managed Services.

Within the corporate spend value NHS Orkney ordered £513,681 of products from the National Distribution Centre (NDC), which is the central store for all NHS Scotland Acute Health Boards of which £361,009 (70.28%) was covered by an approved national contract.

2.3 Collaborative Contracts

NHS Highland has awarded a two-year collaborative contract with NHS Orkney for the Provision of Investment Manager Services for Endowment Funds.

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.

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

Viridian: NHS Orkney awarded a contract extension to provide external support organisation following Scottish Government Financial escalation to Level 3, to cover the period January to March 2025.

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.

The Community Benefits Portal is now live and discussions are ongoing with Public Health, SG Colleagues and the Third sector locally to promote the portal.

2.5 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.

2.6 Future Regulated Procurement Summary

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

CONTRACT DESCRIPTION	CATEGORY	SUPPLIER	ANTICIPATED AWARD DATE	START DATE	END DATE	ANTICIPATED VALUE (Contract Term)
Direct Engagement	Renewal	Single	September 2025	Oct 2025	Sept 2027	£140,000
Authority Technical & Financial Adviser	Renewal	Single	October 2025	Jan 2026	Dec 2029	£70,000

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 follows 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 £368,541 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 a member of the NHS Orkney Sustainability Group and represents NHS Orkney on the National Sustainability Group chaired by Scottish Government.

Engaging with Patients

Patient feedback forms are provided for patients who use the Patient Transport Service to capture views and comments from the service users on what is important to them to guide Procurement on patient priorities.

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.

Engaging with Suppliers

NHS Orkney have regular supplier meeting with key suppliers and KPI reporting is in place to monitor contract compliance. These suppliers include Abbott for our Laboratory managed service, Plus Us for our direct engagement and Falcon Transport for the patient travel service in Aberdeen.

Food Procurement

NHS Orkney has in place a joint procurement with Orkney Islands Council where we work closely with local suppliers on Island.

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 target areas and planned outcomes. the planned actions this performance which is measured using monthly KPI reporting.

4.1.1 NHS Orkney Procurement Key Achievements

Procurement Savings

Procurement plays a key role in ensuring value for money across NHS Orkney. In the past 12 months the team achieved £368K of savings through a dedicated Procurement workstream as part of the organisation's efficiency programme.

The savings were driven by introducing several schemes and working with key stakeholders both internally and externally. The schemes included a budget checker in PECOS to reduce the total spend for 2024/25 by 7.5% on the previous year.

A non-pay panel was set up to ensure that all orders submitted were subject to a procurement check to identify and stop all non-essential spend and contracts that could potentially be removed or re negotiated. This was a successful tool in helping drive savings and has now been extended into the next financial year.

A stock management review was established with all clinical areas to remove duplication, increase standardisation and to move to more cost effective options where appropriate. This exercise again was key in helping to achieve the delivered savings.

Spend with Contracted suppliers.

NHS Orkney measure what proportion of their regulated procurement is placed through a compliant supplier and ensure that all regulated procurements are Published on the Contracts register on Public Contracts Scotland. Our trade spend for the last year with contacted suppliers was

NHS Orkney has increased the number of managed service reviews in the last year from three to five and plan to increase this moving forward.

Community Benefits

NHS Orkney has worked closely with colleagues in Public Health to drive forward the community benefits portal with the portal now live to accept bids This will help deliver support to the local communities and strengthen our community network with local groups.

Local Supply Chains/ Collaborative Procurement

NHS Orkney Procurement plays a vital role in maximising local spend. We continue to work closely with colleagues at Orkney Islands Council on our food procurement and meet quarterly to discuss current requirements and opportunities to collaborate further we can.

The Decarbonisation works on our estate has supported the growth and sustainability of local businesses with the second Year works contract again being awarded to a local building contractor following a competitive tender process. NHS Orkney spent money with 56 local suppliers which accounted for 16% of our total spend and this will continue to be a key focus as we move forward as an Anchor Institution.

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 2024/25 financial year and a comparison against 2023/24.

Invoice Payment Performance	Target	Result 2024-25	Result 2023-24
Invoice Payment Days (<10days)	75%	67%	73%
Invoice Payment Days (<30days)	90%	87%	87%

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.



Report Owner: Kirsty Francis
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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	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. https://www2.gov.scot/About/Performance/scotPerforms/partnerstories/SustainablePublicProcurementPrioritisationTool

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 24 - Mar 25
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	2
b) Total value of regulated contracts awarded within the report period	£9,191,000
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	2
i) how many of these unique suppliers are SMEs	1
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	2
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.	1
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	1
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.	10980
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	87%
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.	£18,093,000
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	£368,000
i) targeted cash savings for Cat A contracts	£0
ii) targeted cash savings for Cat B contracts	£0
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	2
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£210,000

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NHS Orkney Finance and Performance Committee

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