

Team Orkney
Improving Together



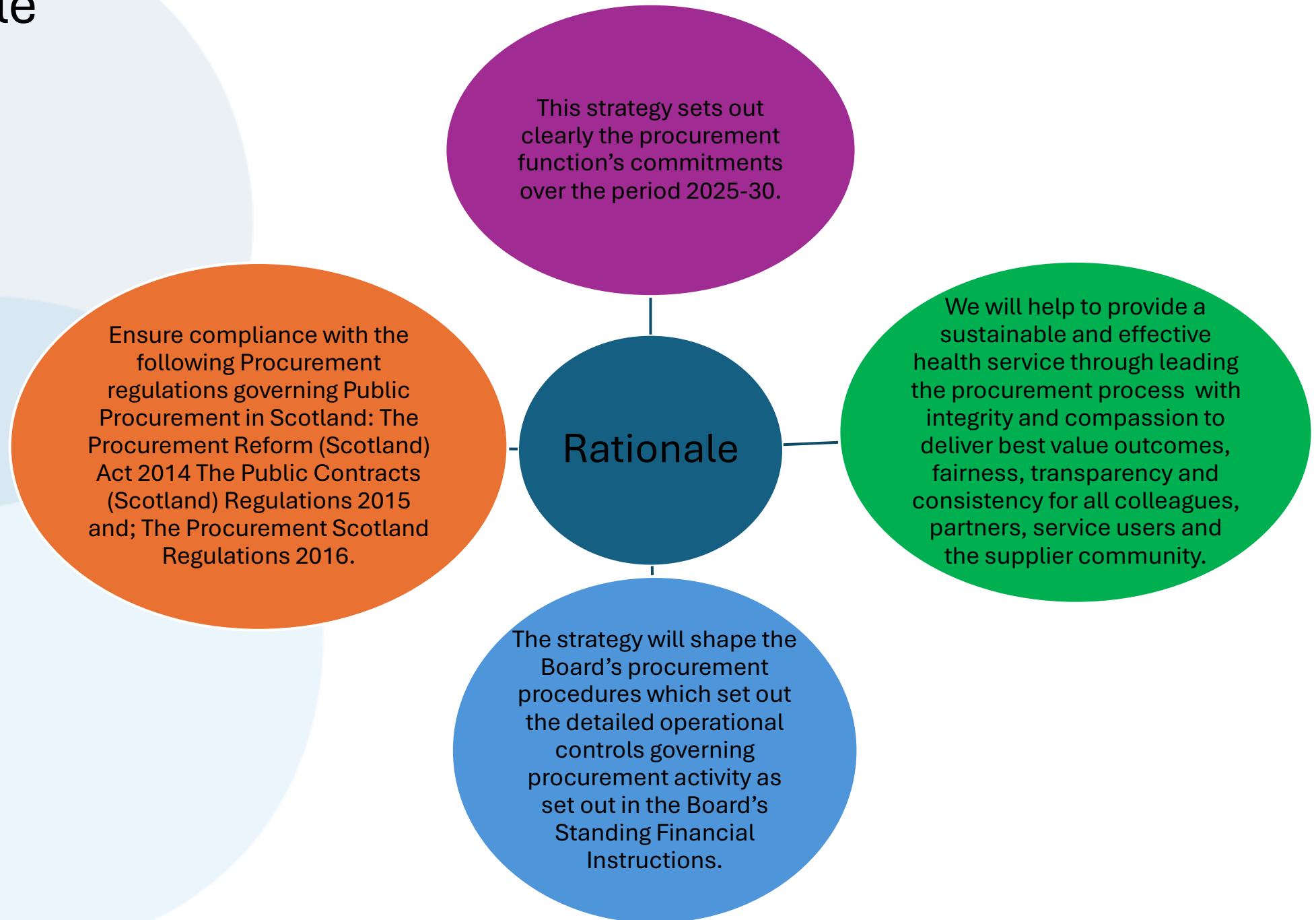
NHS Orkney Procurement Strategy 2025-2030

1. Introduction

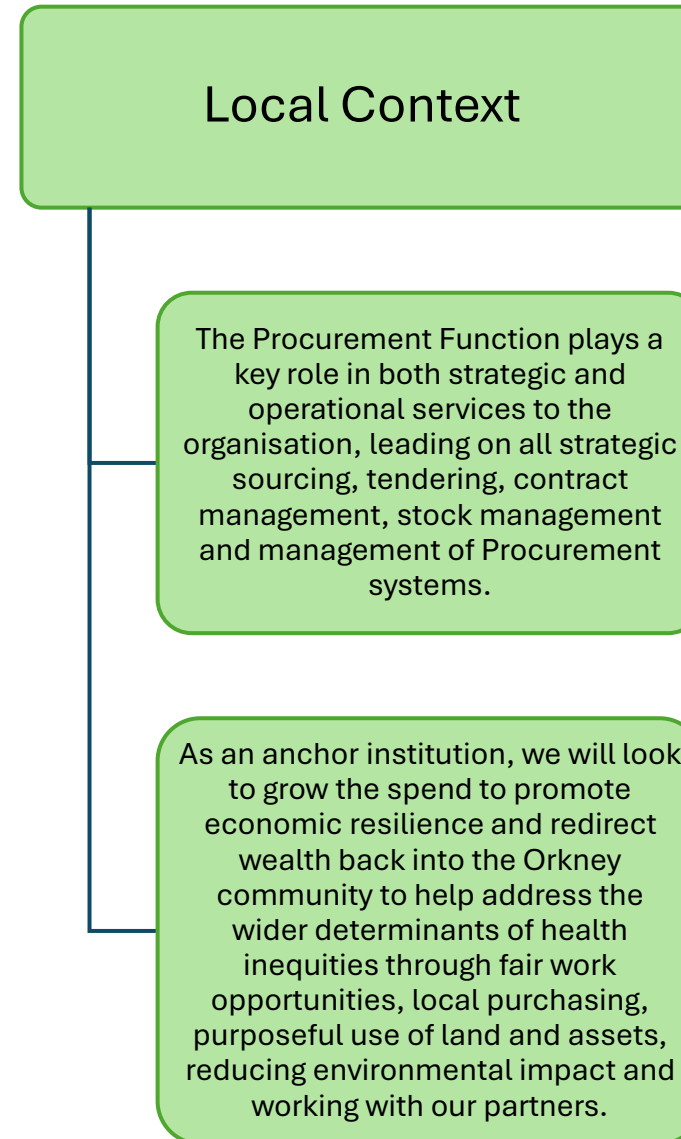
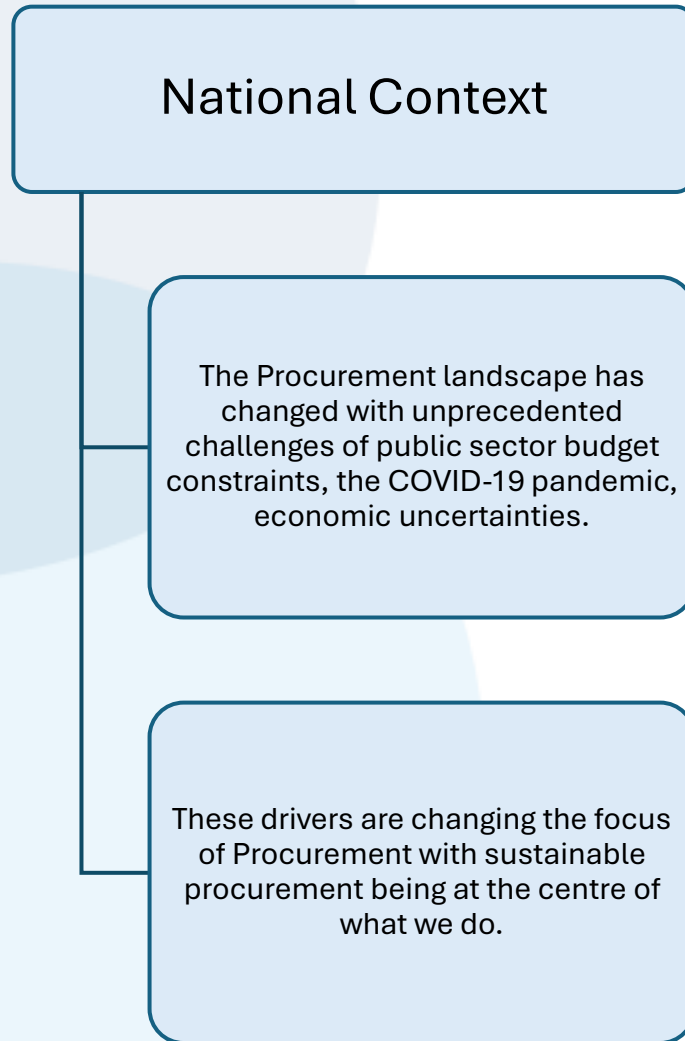
NHS Orkney is the smallest Territorial Health Board in Scotland, made up of 70 islands of which 20 are inhabited. serving a population of over 22,000.

NHS Orkney recognises that effective management of the procurement of goods and services is a key contributing factor in the delivery of high quality, cost effective, patient care.

1.1 Rationale



2. National and Local Context



3. Spend and Supplier Profile

Supplier Profile	Total Number of Unique Supplier
Total Suppliers	700
Small – Medium Enterprise Suppliers	236
Local Suppliers	63

Spend Profile	Total Number of Expenditure
Total Spend	£17,864,032
Code Trade Spend	£17,403,936
Average Spend Per Supplier	£25,593

4. NHS Orkney Vision and Mission Statement

Our Vision

Putting procurement at the heart of a sustainable health service to maximise value and benefit for the patients, staff and communities of NHS Orkney.

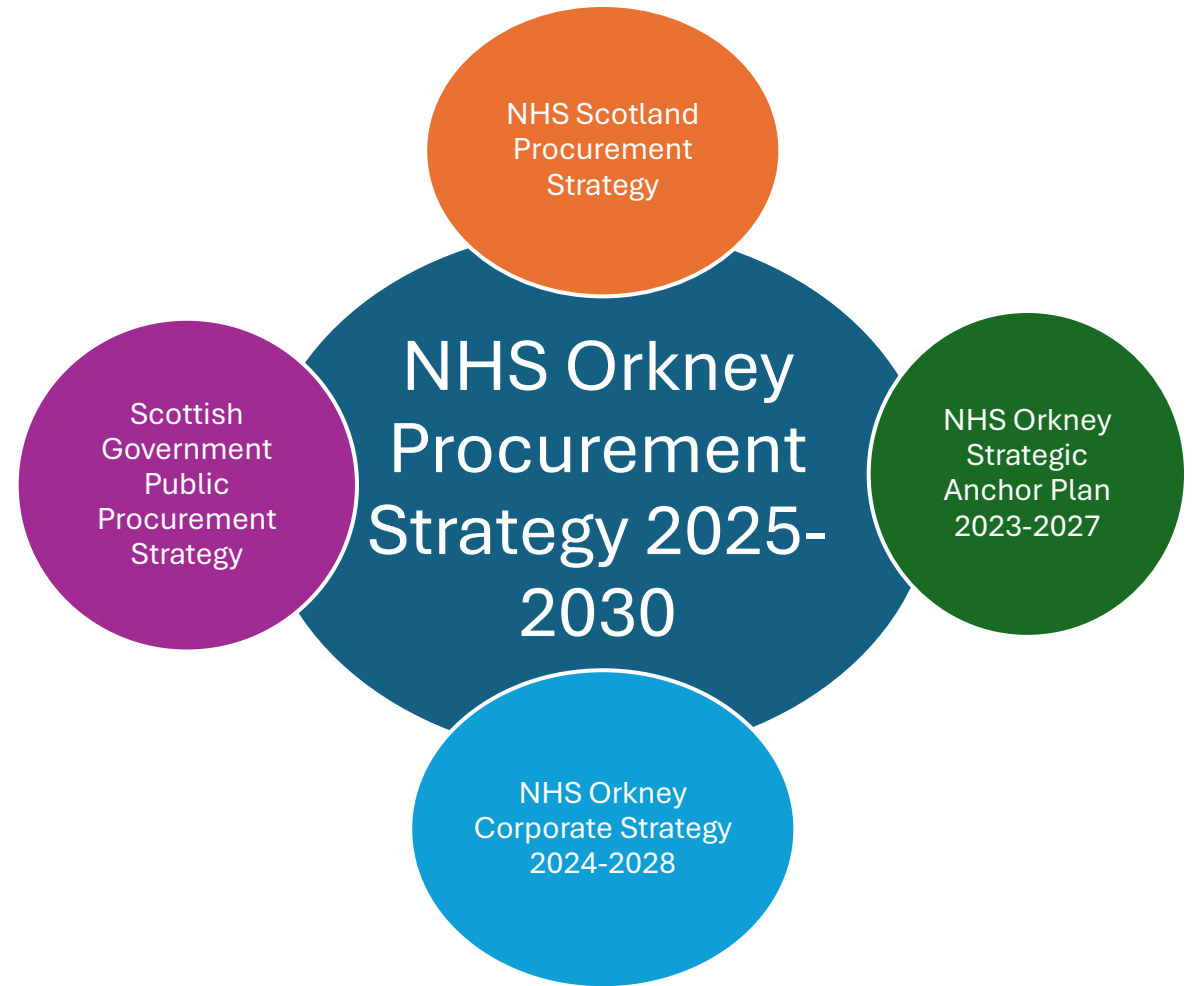
Our Mission

To 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. Driving forward our financial sustainability agenda by achieving best value outcomes, fairness and transparency.

5. Strategic Objectives

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 help upskill.

Our strategic objectives are aligned and linked to the national and local strategies to ensure that we have an ambitious but achievable plan that delivers for the people of Orkney.



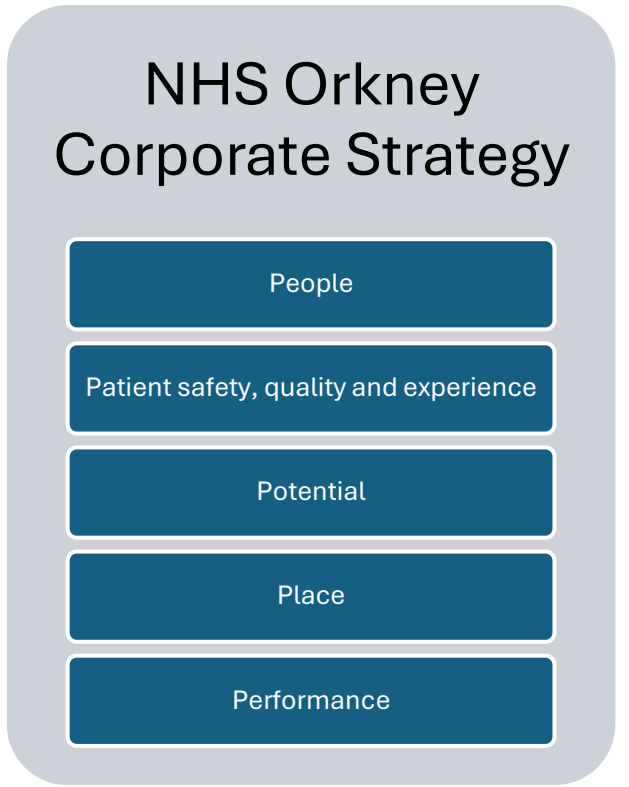
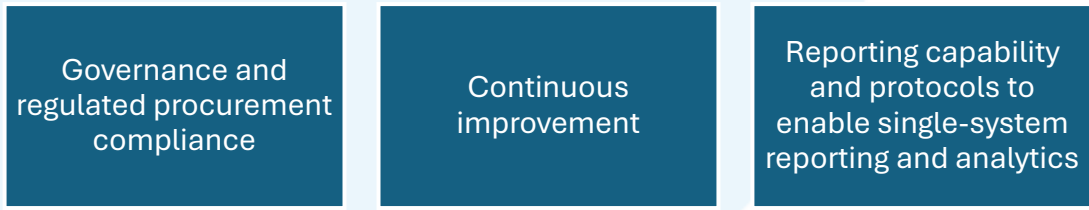
5.1 National and Local Strategy Objectives

We will align our own objectives in line with The NHS Scotland Procurement Strategic Objectives and the NHS Orkney Corporate Objectives. The strategic priority framework linked and mapped to the Scottish Government Public Procurement Strategy has six key strategic priorities underpinned by three enabling strategic capabilities.

SG Public Procurement Strategy



Three Key Capabilities



5.2 Our Objectives

Governance and regulated Procurement compliance

Capability to Monitor and Report

Developing the Procurement workforce

Collaborative Procurement – working with other Health Board's, Orkney Islands Council (OIC), third sector parties.

Develop supplier relationships, maximising value and reducing supply chain risks.

6. How do we deliver?

We will deliver our objectives through the following key priorities. Underpinning the values of our own NHS Orkney Corporate strategy. Setting out a high-level vision for each of our key objectives, being ambitious on our deliverables and how we achieve success.

These will link to the Finance and Procurement annual objectives (Appendix 1) which will be updated on an annual basis to ensure that we are consistent with our approach, remain on track and can measure our results.

In our delivery of our objectives, we will align to NHS Scotland values: **Open and Honest, Respect, Kindness**

6.1.1 High Level Vision

Governance and regulated procurement compliance	Capability to monitor and report	Developing the procurement workforce capabilities and skills	Collaborative Procurement	Develop supplier relationships, maximising value and reducing supply chain risks
<p>We will continue to develop our approach to provide assurance across NHS Orkney. Focusing on key priorities whilst promoting sustainability and social value through compliant, regulated procurement.</p>	<p>NHS Orkney will develop an analytic system to support the organisation to make informed decisions in line with our Standing Financial Instructions.</p>	<p>In the face of the changing procurement landscape and financial constraints, strategic planning for workforce capabilities and training is crucial to building a future-ready sustainable procurement team.</p>	<p>The priority for collaborative procurement is to build an established approach to help pool resource, expertise and purchasing power to give NHS Orkney access to collaborative frameworks, contracts and supplies.</p>	<p>NHS Orkney will prioritise building supplier relationships to collaborate, enhance efficiencies, develop more resilient supply chains and release value.</p>

6.1.2 Ambition on deliverables

Governance and regulated procurement compliance	Capability to monitor and report	Developing the procurement workforce capabilities and skills	Collaborative Procurement	Develop supplier relationships, maximising value and reducing supply chain risks
<p>NHS Orkney will maximise the impact of procurement, ensuring transparency and accountability whilst delivering measurable outcomes and auditable, evidence-based decision-making. This will influence behaviours and culture, enabling positive and innovative change to help underpin and improve outcomes for the people of Orkney.</p>	<p>NHS Orkney will maximise the use of reporting to support structured, standardised and repeatable data originating from assured sources, providing the foundation for enhanced commercial insights, efficient resource management and effective decision making.</p>	<p>NHS Orkney has identified workforce sustainability as a strategic priority to develop capacity and skills across the workforce including skills development, training, and how to attract talent into the profession. The ambition is to establish a resilient and highly skilled procurement workforce capable of navigating current and future challenges.</p>	<p>The ambition follows the Scottish Procurement and Property Directorate (SPPD) long standing approach and policy for pan-public sector (Category A, SPPD led), sector led Centres of Expertise (Category B) and for local/regional led procurements (Category C and C1). This will enable us to leverage spend, foster strategic partnerships and prioritising sustainability and social responsibility.</p>	<p>Through Supplier Relationship Management (SRM), NHS Orkney can foster relationships and partnerships to deliver value, innovations and manage risk throughout the duration of contract life cycles.</p> <p>Encouraging suppliers to provide more sustainable goods and services with lower carbon emissions. Looking for innovation and harnessing more sustainable technologies.</p>

6.1.3 How we achieve deliverables?

Governance and regulated procurement compliance	Capability to monitor and report	Developing the procurement workforce capabilities and skills	Collaborative Procurement	Develop supplier relationships, maximising value and reducing supply chain risks
<p>NHS Orkney will develop its processes, policies and procedures to ensure that we have a strong governance process in place through our Standing Financial Instructions (SFI's).</p> <p>Engaging with our stakeholders to help make informed decisions to ensure compliance.</p> <p>Establishing best practices including creating a business case culture across the organisation. This will make sure that we make conscious and considered decisions.</p>	<p>NHS Orkney will work closely with colleagues nationally to improve the capabilities of reporting system, supporting staff to ensure that they have the relevant skills to allow us to evolve and grow the systems to report on the value added for NHSO stakeholders.</p>	<p>There are a range of tools and enablers available to inform current state analysis and to support short, medium and longer term closure development plans including the Procurement and Commercial Improvement Programme (PCIP) and the Scottish Government Procurement Development Framework.</p> <p>Benchmarking, working collaboratively, agreed training plans linked to PDP's investing in staff development to upskill or workforce.</p>	<p>Working closing with our colleagues NSS National Procurement as the health sector Centre of Expertise. Maximising our use on national contract and utilising the National Distribution Service (NDS) infrastructure as a to support our supply chain. Working with other Health Boards, participation in the North of Scotland Head of Procurement network to ensure NHS Orkney has representation at a national level.</p> <p>Continuing and expanding our work with our colleagues at OIC to build a resilient supply chain and maximise opportunities. Increasing our spend with local suppliers to help foster employment and training opportunities.</p>	<p>Being creative in our approach and looking at new opportunities to Standardise our product range.</p> <p>Increase spend profile with local suppliers to support the local economy</p> <p>Increasing visibility of contracts register. Maximising time to review upcoming contracts, allowing for collaboration, new ideas to ensure value for money and sustainable supply chain routes.</p> <p>Work with the National team, other health boards and public sector partners including Orkney Islands Council to help us leverage or and support the ambition.</p> <p>Participation in the community planning partnership supporting the NHSO anchor priorities .</p>

6.1.4 How do we know we have achieved deliverables?

Governance and regulated procurement compliance	Capability to monitor and report	Developing the procurement workforce capabilities and skills	Collaborative Procurement	Develop supplier relationships, maximising value and reducing supply chain risks
<p>Monthly reporting to executive team which will chart progress, areas of success, improvements needed and items for escalation to Senior Leadership Team. Highlighting the clear governance in place and SFI's are being followed.</p> <p>Established training plan for all PECOS users to ensure that all users understand their responsibilities with particular focus on the link to SFI's.</p> <p>A business case culture embedded within the organisation in line with the SFI's and NHS Orkney's governance process.</p>	<p>Reducing e-authoriser spend and increasing spend through PECOS to 90%.</p> <p>Increase accountability and governance with reporting up to Finance & Performance Committee.</p> <p>Ensuring that contract and SLA register are routinely reported to SLT to support stakeholders plan workload and review upcoming requirements.</p>	<p>Clear PDP and training plans for each staff member within the function.</p> <p>Increase in benchmarking and analysis of spend reporting through staff being upskilled and trained.</p> <p>Increase in supplier and contract management reviews with staff having the required skills to deliver.</p>	<p>Report agreed savings against target through the Improvement Together Programme.</p> <p>Increasing spend on national contracts which we can monitor through PECOS reporting.</p> <p>Increasing local spend profile.</p>	<p>Reduced product range and catalogue choices on PECOS.</p> <p>Review high value and regular spend which is not on a contract and report up to Audit & Risk on quarterly basis.</p> <p>Increase supplier and contract management process. Only 3 suppliers routinely have supplier management meetings.</p> <p>Routine reporting of the SLA register. flagging any missing paperwork so that we can report and escalate any risks.</p> <p>Reduction in our SFI waiver spend and increase our contract activity.</p>

6.1.5 Benefits Realisation

Governance and regulated procurement compliance	Capability to monitor and report	Developing the procurement workforce capabilities and skills	Collaborative Procurement	Develop supplier relationships, maximising value and reducing supply chain risks
<ul style="list-style-type: none"> • Better decision making • Increased savings opportunities across the health system • Acceleration of benefits and reduction in lost savings. • Assurance of outcomes from standardised reporting outputs 	<ul style="list-style-type: none"> • Improved project and benefits tracking • Informed decision making • Increased savings opportunities across the health system • Acceleration of benefits and reduction in lost savings • Improved business processes and enhanced productivity • Assurance of outcomes from standardised reporting outputs • Identification and tracking of social, environmental and economic benefits supporting our anchor priorities 	<ul style="list-style-type: none"> • Attraction and retention of talent • A motivated and engaged workforce • Best value procurement outcomes 	<ul style="list-style-type: none"> • Prioritising and adopting national, health board and regional approaches to procurement • Pooling Scotland's procurement skills, capabilities and contracting activities • Knowledge sharing and best practice to adopt successful procurement strategies • Opportunities to promote continuous improvement and innovation in our procurement processes • Mitigating risks associated with supply chain disruptions or market uncertainties 	<ul style="list-style-type: none"> • Ability to benchmark to measure our performance • Opportunity to work collaboratively to expand our reach and buying power • Support our anchor priorities by maximising and utilising the local supply chain

6.1.6 Link to Objectives

Strategy	Governance and regulated procurement compliance	Capability to monitor and report	Developing the procurement workforce capabilities and skills	Collaborative Procurement	Develop supplier relationships, maximising value and reducing supply chain risks
NHS Orkney Procurement Strategy	<ul style="list-style-type: none"> • Open and Connected • Good for our workforce 	<ul style="list-style-type: none"> • Good for businesses and their employees • Good for our workforce • Good for our patients • Good for society • Good for places and communities 	<ul style="list-style-type: none"> • Good for businesses and their employees • Good for society • Good for our workforce • • 	<ul style="list-style-type: none"> • Good for our workforce • Good for businesses and their employees • Good for society • Open and connected • 	<ul style="list-style-type: none"> • Good for businesses and their employees • Good for our workforce • Good for our patients • Good for society • Good for places and communities • Open and Connected
NHS Orkney Corporate Strategy	<ul style="list-style-type: none"> • Performance • People 	<ul style="list-style-type: none"> • Performance • People • Potential • Place • Patient Safety, quality and experience 	<ul style="list-style-type: none"> • Performance • People • Potential • 	<ul style="list-style-type: none"> • Performance • People • Potential • 	<ul style="list-style-type: none"> • Performance • People • Potential • Place • Patient Safety, quality and experience

6.2 Our Commitments

Procurement Team

- We commit to ensuring that we follow our policies and procedures to help support the implementation of this strategy.
- Enforcing and reporting on our No Purchase Order No Payment Policy to ensure that we appropriately manage our spend and remove instances of retrospective orders being placed
- Procurement Review – Challenging the need. Is the purchase necessary, can we do something different, are the stock levels appropriate.

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.

Community benefits

In support of our commitment to the Sustainable Procurement Duty, we will commit to identify opportunities to embed community benefits within our regulated Procurements. Each contracting strategy for regulated procurement activity will positively consider these and assess the options to meet this requirement. Community Benefit clauses in our contracts support this objective by seeking Community Benefits within its specifications for goods, services and works.

Sustainability and Net Zero

The Scottish Government has set targets for NHS Scotland and all public sector to be net zero carbon by 2040. NHS Orkney has already taken significant steps to meet these targets, but we do require our suppliers and stakeholders to support them in this task. Our supply chain must support the aims of the sector in reducing the climate emission impact of their supply chains, including having clear and verifiable plans and actions in place, where to do so is reasonable and proportionate to the nature of the goods and services provided.

6.2.1 Our Commitments

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 the payment of the Living Wage to staff as a mandatory requirement within a competitive procurement process, NHS Orkney Procurement will work with suppliers to look for opportunities for its suppliers to implement the living wage within their staff structures.

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

NHS Orkney 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.

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.

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.

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.

6.3 Measurement of Success

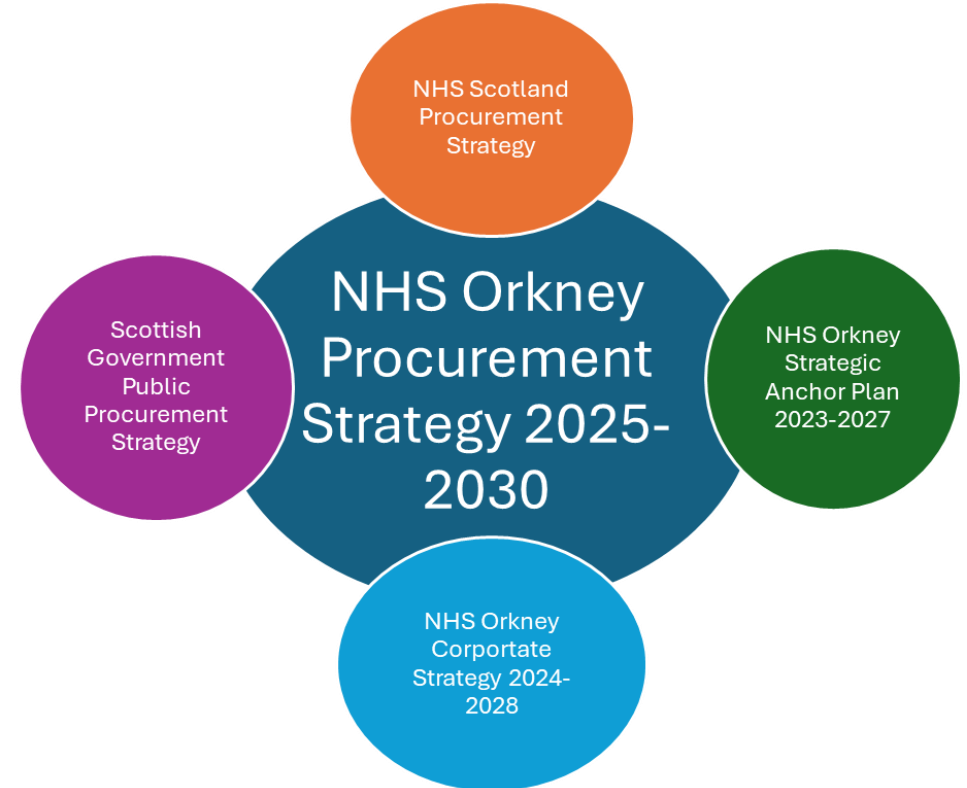
To ensure there is movement towards the aims and aspirations of this strategy, measurement of progress will be undertaken on an annual basis and reported via the NHS Orkney annual procurement report.

Progress against strategy objectives will be monitored by the NHS Orkney's Finance and Performance Committee who oversee the Board's strategy for procurement and compliance with regulatory obligations. The strategy objectives will be linked to the Procurement Department annual objectives which will support our annual work plan and these will be updated on annual basis under (Appendix 1).

The Committee will also receive, review and agree the Procurement Annual Report which aligns to this strategy.

7.0 Strategy Updates

The strategy will be subject to annual review and by the 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



Appendices

- Finance Objectives Template – Business Case Culture
- Finance Objectives Template – Contracts SLA's
- Finance Objectives Template – Improve Procurement Controls

Component	Objective	Description	Lead	Details	Support	Deadline
Business Case Culture - Establish and embed a business case culture within NHS Orkney ensuring that the appropriate governance and controls are in place.						
1.	Develop a business case template to be used by the organization for approval for all new developments which describes the need, benefits, risks and costs by 31 March 2025.	Create a business case template. The template needs to ensure that it ties into the budget setting process and produced in partnership with Finance. The template will need to have built in checks from all other relevant stakeholders including Procurement, IT, Estates etc. before being taken forward.	KF	KF to work with Jay on a test case on developing the template. The template will also be trailed at the Capital Planning Group. All areas will need to bid for funding out of the 25/26 allocation.	KS	31 st March 2025
2.	Implement a new governance process for submission and approval of business cases dependent on the nature of the requirement e.g. capital, workforce etc. by 31 March	Where are business cases going to go for approval? Need agreement from SLT/ other groups to review. Which business cases go where? If a business case is not approved what is the appeal process?	KF	Need output from the Scheme of Delegated authority to inform the governance routes.	MB/KS	31 st March 2025
3.	Training and Support for completing a business case.	Create a comprehensive SOP that links with the SFI's and governance to ensure that requestors have a clear understanding of the ask, the routes for approval and reporting on the benefits realisation post funding.	KF	As above need output from the Scheme of Delegated authority to inform the governance routes.	MB/KS	31 st March 2025
4.	Develop and implement a communications plan around the new templates and process for mini business cases.	When is a business case required? Who needs to complete it? Link the user guide and training SOP to the comms.	KF	Needs to be included as part of the wider Finance training. Link with comms team to establish the best routes to share the new process.	KS	31 st March 2025

Component	Objective	Description	Lead	Details	Support	Deadline
5.	Update guidance, policies and procedures on Procurement Routes and all aspect of the tendering processes and publish on relevant intranet site and communicate to the organization.	SFI's, procurement process, users need to understand timescales and their responsibilities.	MB	This needs to be in place to ensure that the process is supported by proper governance and accountability. Without this in place it creates a risk.	KS	April 2025 onwards.
6.	Update the Procurement Intranet site with relevant information and guidance	Need to circulate SOP and comms for wider organization. Work with comms team to ensure that this is shared widely across the Organisation.	HA	This will be pulled together on the completion and support of the other objectives being delivered.	KF	April 2025 onwards.

Component	Objective	Description	Lead	Details	Support	Deadline
Contracts & SLA's - To ensure that we have a robust system in place, for capturing, monitoring and reporting on our spend.						
1.	Create a register of all contracts and SLA's with details of supplier, contract dates, value and key contacts within NHSO.	Set up register that allows for routine reporting to plan workload and upcoming requirements.	HA	Procurement team to review current register and report monthly.	KF Financial services and Management Accounts	30 th Sept 2025
	Identify and collate all paperwork relating to contracts and SLA's in place. Identify all missing paperwork and work with departments and contractors to source these		HA	This requires buy in and input from across NHSO.	KF Financial services and Management Accounts	30 th Sept 2025
2.	Carryout a quarterly review of all spend over £5k(?) and use of regular suppliers where there is no contract in place	Review high value and regular spend which is not on a contract.	KMcP	Report up to Audit & Risk on quarterly basis.	KF	1 st April 2025
3.	Carry out a quarterly review of SFI waivers to identify areas of non-compliance. Prepare and submit a report to each Audit & Risk committee detailing SFI compliance across the organisation	Increase compliance and reporting of waivers to Audit and risk.	KF	Report up to Audit & Risk on quarterly basis.	KS/SG	1 st April 2025
4.	Develop and implement a contract management process and guidance to be used for all high value and regular use suppliers.	Increase supplier and contract management. Only 3 suppliers routinely have supplier management meetings.	KF	Review other high value/high impact contracts.	Supplier and contract management training for staff.	30 th June 2025

Component	Objective	Description	Lead	Details	Support	Deadline
	Identify all contracts that should follow the contract management process and the key contacts within the organization. Arrange quarterly or 6 monthly contract management meetings, depending on nature and value of contract					
5.	Identify areas of development required for procurement staff and arrange training sessions	Power BI, regulated procurement training, contract negotiation and supplier management.	KF	Develop and implement a comprehensive training plan around the contract management process	KS	1 st April 2025

Component	Objective	Description	Lead	Details	Support	Deadline
Improve Procurement Controls – To undertake a comprehensive review of our non-pay spend, updating and strengthening as required, to ensure that NHSO have robust systems in place to maximise efficiencies and sure that the appropriate financial controls are in place.						
1.	Review supplier usage and identify areas where PECOS Catalogue can be used to increase usage to 90% (TBC)	Move away from e-authoriser, free text ordering and maximize catalogue usage.	KF	Review e-authorizer list including SLA's to move onto PECOS. Identify baseline spend to report on progress.	SG	30 th September 2025
2.	Implement controls to identify retrospective orders being placed and to escalate repeated non-compliance with procurement processes	Put controls in place to monitor and report on retrospective orders.	KMcP	Review PECOS system to look at options	KF	31 st March 2025
3.	Implement a new governance process around the controls and requirements for orders.	Link to SFI's. 3 Strike policy if PECOS users fail to comply with the SFI's and continue to raise retrospective orders.	KF	Increase accountability and governance by reporting up to F&P/Audit & Risk	HA Needs the SFI's to be updated before implementing	30 th April 2025
4.	Review the system set up of Pecos and identify areas of efficiency. Review all user accounts and implement a change to the system to negate the need for multiple user accounts	Review PECOS set up with the view to moving to a cost centre. Hierarchy to link with other systems. User manual to be created for depts on account codes.	KMCP	Updating system will allow for clearer reporting and more accurate data.	Management Accounts reliance. Need the required information to be able to implement.	31 st March 2025
5.	Develop and implement a training plan for all users of PECOS to ensure the system is used correctly	Ensure that all users have access to adequate training. Implementation of annual Procurement Licensing.	HA	Regular staff training sessions, link to SFI's and governance.	KF	30 th June 2025
6.	Prepare and submit a report to each F&P committee detailing procurement activity over the last period. i.e number of orders raised, compliance with SFI's	Routine reporting to F&P.	KF	Monthly report which will chart progress, areas of success, improvements needed and items for escalation.	KF	31 st March 2025

Component	Objective	Description	Lead	Details	Support	Deadline
7.	Review all stock on Pecos to identify duplication and standardise product range	Review stock range on PECOS and reduce duplication.	HA	This will be done through POG.	MH	Ongoing - Rolling standard item on POG.
8.	Identify areas of development required for procurement staff and arrange training sessions	Procurement staff require training to be able to interrogate data and maximise systems to provide accurate reporting and data.	KF	Develop and implement a comprehensive training plan for PECOS and Boxi.	KS	1 st April 2025