



**NHS Highland**  
**Procurement Annual Report**  
**2017-2018**



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# 1. Introduction

## The Purpose of this Annual Report

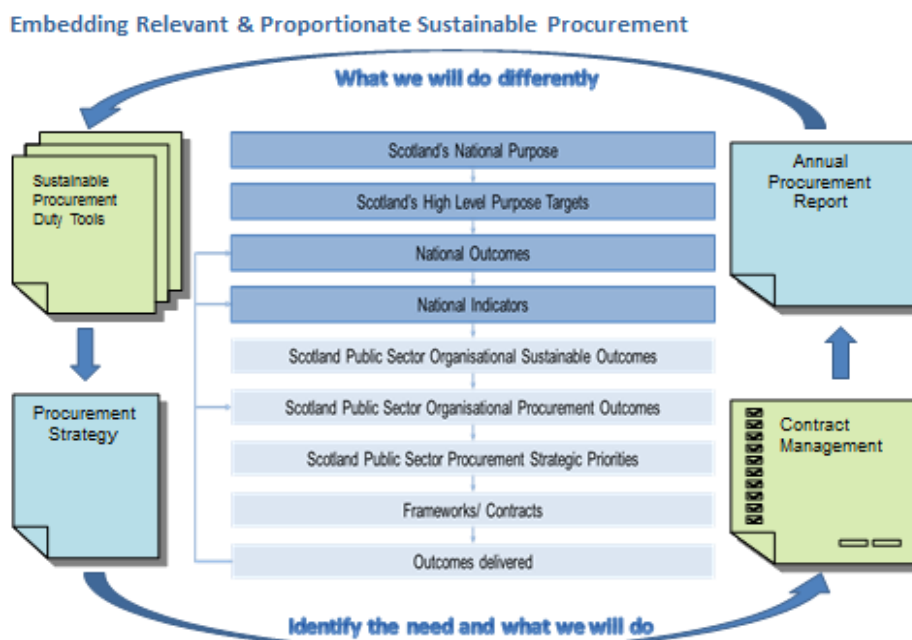
The Procurement Reform (Scotland) Act 2014 requires a public contracting authority, such as NHS Highland to prepare and publish an annual procurement report on our regulated procurement activities as soon as reasonably practicable after the end of our financial year. This is NHS Highland’s first annual procurement report under the 2014 Act and covers the period from 1<sup>st</sup> January 2017 to 31<sup>st</sup> March 2018.

This report is intended to:

- Aid visibility of NHS Highland’s procurement activities
- Be a mechanism for conveying how the NHS Highland is meeting legislative procurement requirements
- Outline how the NHS Highland’s procurement activity is contributing to the delivery of its broader aims and objectives, and
- Address some key points contained in NHS Highland’s procurement strategy.

The minimum content of an annual procurement report is prescribed by Section 18(2) of the 2014 Act. As touched on above, there is a link between this annual procurement report and NHS Highland’s organisational Procurement Strategy. Figure 1 below sets out pictorially how the organisation’s annual procurement report preparation and procurement strategy review cycle can work together to support increased transparency and visibility of public procurement and help to embed relevant and proportionate sustainable procurement within Scottish public sector procurement.

Figure 1



## Publication and Communication

Section 19 of the 2014 Act requires the health board to publish its annual procurement report in a manner which it considers to be appropriate and this must include publication on the internet. This first annual procurement report will be reported to a NHS Highland board meeting, as is the case with our procurement strategy, for noting and will be published on NHS Highland's website on its procurement pages at this link:

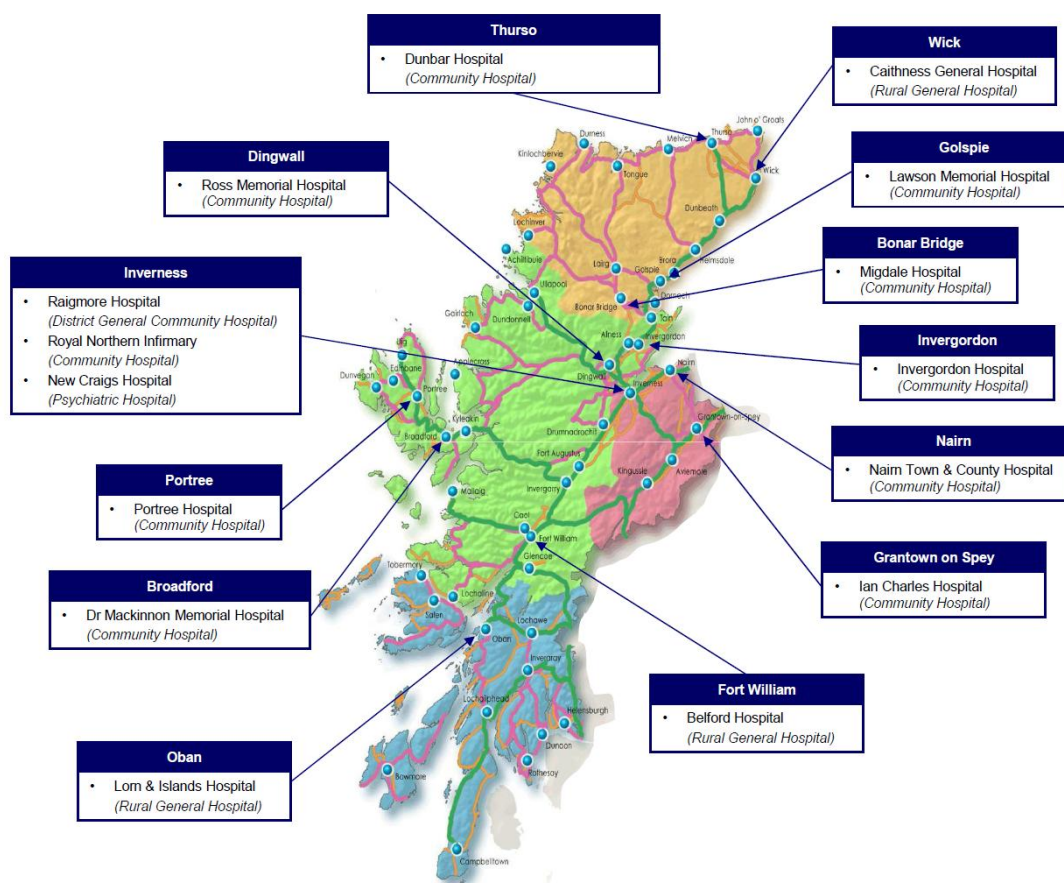
<http://www.nhshighland.scot.nhs.uk/AboutUs/Procurement/Pages/ProcurementPublications>

NHS Highland will also notify the Scottish Ministers by email with a link to the above web page in accordance with the legislation and guidance.

## NHS Highland Procurement Overview

NHS Highland, at 32,500 square kilometres, is the largest geographical health board in Scotland, reaching from Thurso in the far North of Scotland to Campbelltown, on the Mull of Kintyre, in the South, see Figure 2 below. The population residing in our board area is just over 320,000 people.

Figure 2



NHS Highland has an annual budget in excess of £700M and in 2017/18 had a trade spend with 3066 third party suppliers of approx £122.5M. Approximately 52% of NHS Highland's trade spend is undertaken with Small and Medium sized employers (SMEs). The Procurement Department provides a comprehensive procurement and logistics service for most of our functions with the exception of some specific Health and Social Care contracting which is undertaken by a separate team within the board.

This includes strategic sourcing and advice to improve effectiveness and value for money on all expenditure for goods, services and works.

We operate within the context of a published Procurement Strategy. Our strategic aims are:

- Deliver procurement activity in a compliant manner.
- Deliver procurement savings targets
- Create a strategic Training Plan for procurement staff.
- Continue to develop and embed Highland approach to Community Benefits, Sustainability and Fair Work Practices within the procurement process.
- Embed a robust contract management process
- Formalise strategic internal and external stakeholder engagement.
- Influence national strategic procurement decisions.
- Implement a single Pecos – e Transformation
- Adopt regionalised working practices where efficiencies are identified.

## **2. Summary of Regulated Procurements Completed**

### **Definition**

In accordance with the Procurement Reform (Scotland) Act 2014, any Public contract (other than a public works contract) of £50,000 or greater and public works contract of £2,000,000 or greater is considered a Regulated Contract. A regulated procurement is any procedure carried out by a contracting authority in relation to the award of a proposed regulated contract which is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes both contracts and framework agreements.

### **Summary of Procurement**

The following table provides a high-level summary of the regulated procurements NHS Highland has undertaken within the timeframe of this report. All of these awarded contracts can be viewed in more detail on the Health Board's contracts register which contains information on current and expired contracts and can be accessed on the Public Contracts Scotland website.

Award Date	Supplier	Value	Supplies/Service/Works	Start Date	End Date	Call Off?
08/01/2018	Edmundson Electrical Ltd	£104,833	Facilities, Maintenance and Repair Supplies	08/01/2018	08/01/2020	No
08/01/2018	Macgregor Industrial Supplies	£55,514	Facilities, Maintenance and Repair Supplies	08/01/2018	08/01/2020	No
27/12/2017	Dr McLachlan & Partners	£470,000	Primary Medical Services 17C Contract Agreement: Garelochhead Medical Practice	01/08/2018	01/08/2019	No
01/11/2017	Edenred (Uk Group) Ltd	£2,732,000	Staff Benefits - Childcare Vouchers	01/11/2017	31/10/2019	No
23/08/2017	HFD Group/HFD Intelligent Technologies	£361,677	Telecommunications Systems Maintenance and Support Services	01/09/2017	01/09/2020	No
12/07/2017	ArjoHuntleigh UK Ltd	£39,783	Healthcare Mobility Equipment Servicing and Inspections	01/08/2017	01/08/2020	No
01/07/2017	Draeger Medical Uk Limited	£137,275	Service Contract - Anaesthetic Machines - 5 Year Agreement	01/07/2017	30/06/2022	No
03/05/2017	Westfield Generators Limited	£152,000	Standby Generator Servicing and Maintenance	15/05/2017	15/05/2020	No
21/04/2017	MRI Devices	£63,500	NHS Supply Chain Contract 2015/S 162-296318 - Patient Monitoring Equipment - Call Off	21/04/2017	21/04/2017	Yes
21/11/2016	Assured Healthcare (Scotland) Ltd	£93,496	Domestic Mobility Equipment Servicing and Inspections	09/01/2017	09/01/2020	No
21/11/2016	Able Care Ltd	£167,041	Domestic Mobility Equipment Servicing and Inspections	09/01/2017	09/01/2020	No
10/05/2017	Veolia Water Technologies	£90,465	NHS NSS NP143/13 - Decontamination Equipment, Maintenance and associated Accessories - Call Off	10/05/2017	10/05/2017	Yes
16/06/2017	GE Medical Systems	£133,424	GE CT Scanner Annual Maintenance Service Contract - Commitment Agreement	01/04/2017	31/03/2018	No
22/05/2017	InPractice Systems	£412,412	Central Legal Office Ref 280214SW Pharmacy Manager System Support Charge - Call Off	22/05/2017	22/05/2017	Yes
08/06/2017	UpToDate	£61,933	Annual Licence for UpToDate Subscriber Self-Registration	08/06/2017	08/06/2017	No
23/08/2017	NHS Supply Chain	£51,247	NHS Supply Chain Contract 2014/S 193-340486 - Imaging Radiotherapy Endoscopy and Ancillary Devices - Call Off	23/08/2017	23/08/2017	Yes
20/11/2017	Fresenius Medical Care	£101,000	NHS NSS NP184/13 - Renal Dialysis Machines and Consumables - Call Off	20/11/2017	20/11/2017	Yes
15/12/2017	Olympus Medical	£303,172	NHS NSS NP147/14 - Flexible Video Endoscopy Equipment and Maintenance - Call Off	01/10/2017	30/09/2018	Yes

Award Date	Supplier	Value	Supplies/Service/Works	Start Date	End Date	Call Off?
28/11/2017	Haag-Streit UK	£88,841	NHS Supply Chain Contract 2017/S 003-003942 - Ophthalmic Capital Equipment - Call Off	28/11/2017	28/11/2017	Yes
29/11/2017	Olympus Medical	£87,545	NHS NSS NP147/14 - Flexible Video Endoscopy Equipment and Maintenance - Call Off	29/11/2017	29/11/2017	Yes
07/12/2017	Draeger Medical Uk Limited	£252,810	NHS NSS NP173/15 - Patient Monitors, Anaesthetic Machines and Hospital Ventilators - Call Off	07/12/2017	07/12/2017	Yes
15/03/2018	Philips Healthcare	£166,002	NHS NSS NP173/15 - Patient Monitors, Anaesthetic Machines and Hospital Ventilators - Call Off	15/03/2018	15/03/2018	Yes
13/12/2017	GE Medical Systems	£325,000	NHS NSS NP167/14 - Multi-Modality Imaging Equipment - Call Off	13/12/2017	13/12/2017	Yes
13/12/2017	NHS Supply Chain	£92,019	NHS Supply Chain Contract 2017/S 003-003942 - Ophthalmic Capital Equipment - Call Off	13/12/2017	13/12/2017	Yes
14/12/2017	Siemens Healthcare	£126,305	CT Scanner and associated supplies, services and works.	14/12/2017	14/12/2017	Yes
22/12/2017	Siemens Healthcare	£661,536	CT Scanner and associated supplies, services and works.	22/12/2017	22/12/2017	Yes
18/12/2017	Alcon Labs	£67,477	NHS Supply Chain Contract 2017/S 003-003942 - Ophthalmic Capital Equipment - Call Off	18/12/2017	18/12/2017	Yes
20/12/2017	GE Medical Systems	£1,899,095	MRI Machine	20/12/2017	20/12/2017	Yes
08/02/2018	Voice Technologies	£55,457	Annual Support and Software Assurance Maintenance for NHS Highland Dictation Machines - Commitment Agreement	01/05/2018	30/04/2019	No
20/02/2018	CSC Computer Sciences	£58,573	Annual Maintenance and Support for EDIS - Commitment Agreement	01/04/2018	31/03/2019	No
22/02/2018	Insource	£124,619	VEAT NOTICE HH035/15 - AHDE Licences and LEEP Support Contract	01/04/2018	31/03/2019	No
02/03/2018	Sonosite	£93,571	NHS NSS NP167/14 - Multi-Modality Imaging Equipment - Call Off	02/03/2018	02/03/2018	Yes
08/03/2018	Olympus Medical	£88,182	NHS NSS NP147/14 - Flexible Video Endoscopy Equipment and Maintenance - Call Off	08/03/2018	08/03/2018	Yes
26/03/2018	InterSystems	£667,335	NHS NSS NP5013/09 - TrakCare Patient Management System Annual Software Update and Technical Assistance - Call Off	01/04/2018	31/03/2019	Yes
29/03/2018	TrustMarque	£57,038	NHS NSS NP5016/12 - Software Reseller Framework Agreement - Call Off	29/03/2018	29/03/2018	Yes
30/10/2017	Care Monitoring 2000	£206,732	ESPO Contract 394_15 - Electronic Homecare Monitoring and Scheduling Solutions	01/09/2017	31/08/2018	Yes



## Summary of Non Competitive Actions

In 2017/18, a total of 6 contract commitments, totalling £642,464, were made above the regulated procurement threshold, via a Procurement Waiver (single source) process. These awards are conducted in line with NHS Highland's Standing Financial Instructions and are presented to NHS Highland's Audit Committee on a regular basis. In 2017/18 NHS Highland's Procurement Waiver process was reviewed by external audit and recommendations were made and implemented to improve the process undertaken.

Award Date	Supplier	Value	Supplies/Service/Works	Justification
29/08/2017	Toshiba Medical Systems	£ 50,597	Servicing/Maintenance	Absence of competition for technical reasons
01/09/2017	RaySearch UK Ltd	£ 85,067	Servicing/Maintenance	Absence of competition for technical reasons
08/09/2017	RaySearch UK Ltd	£ 206,792	System licenses and server for existing system	Absence of competition for technical reasons
16/10/2017	Amercure Ltd	£ 90,935	Radiopharmaceutical Dispensing and Blood Cell Labelling Isolator	Tender process undertaken not fully in compliance with the regulations
04/12/2017	Comcat Engineering Ltd	£ 59,073	Dishwasher	No suitable tenders received in response to an existing framework contract
23/08/2017	Strachur Medical Practice	£ 150,000	Forensic Medical Provision Service	No suitable tenders received in response to an open procedure

### 3. Review of Regulated Procurement Compliance

NHS Highland has published a new Procurement Strategy to cover the period 2018 – 2021 which is available to view on the NHS Highland Procurement internet pages. This replaces an interim strategy that covered the period 2016 -18. A review of the procurement activity for the period covering this report concludes that our procurement exercises are carried out to a high standard, in line with all relevant procurement regulations, our Standing Financial Instructions and our interim procurement strategy.

NHS Highland supports the use of the Scottish Government Procurement Journey and follows the process set out in all of our regulated procurement exercises. We utilise the Public Contracts Scotland (PCS) Tendering system and maintain our publically accessible contracts register on the PCS Portal.

Our procurement compliance is tested and verified by our audit function with reports being provided to our Audit Committee. Procurement activity in NHS Highland has been subject to both internal and external audit scrutiny in 2017-18. As a result of these



audits, a number of areas of good performance, and several key actions for improvement have been identified, with improvements to our service provision being taken forward as a result.

NHS Highland Procurement continues to deliver value for money in the work it undertakes, delivering a savings in excess of £2M during FY2017/18 across the range of influencable commodities under our management.

#### **4. Community Benefit Summary**

During the reporting period, there were no community benefit requirements imposed as part of any of the regulated procurements undertaken by NHS Highland. Where appropriate, NHS Highland has included corporate and social responsibility factors in the tender evaluation criteria in order to recognise employers who pay the real living wage, employ local people through apprenticeship schemes and/or are involved with local charities.

We will continue to look for opportunities to impose formal community benefit requirements where the nature of the procurement would be appropriate and anticipate doing so in some of the work earmarked to be undertaken in FY 2018/19 and 2019/20. We also continue to monitor community benefits delivered as a result of contract awards in previous years, such as those provided through the major refurbishment work being undertaken on the Main Theatre Suite at Raigmore Hospital.

#### **5. Supported Business Summary**

NHS Highland continues to look for ways to increase its spend with supported businesses and welcomes the Scottish Governments decision to renew the Supported Businesses in Scotland Framework which is due to expire in late 2018. NHS Highland's spend with supported businesses in the reporting period was approximately £70k. Our largest contract with a supported business continues to be with Haven Inverness, but during the reporting period we have also provided a small amount of business to Highland Blindcraft. It is hoped that the new national framework will facilitate more local highland based suppliers to be included in the future.

#### **6. Other Items of Note**

##### **Modern Apprenticeships**

There is a recognised skills gap for Procurement staff in both private and public sectors with a history of challenges in attracting, recruiting and retaining talent. NHS Highland has viewed this as an opportunity to grow their own talent, support youth employment and raise the profile of procurement and supply chain as a career of choice.

NHS Highland has supported the Youth Employment agenda with the appointment of 2 Modern Apprentices in 2018, commencing Apprenticeships in Procurement, and Supply Chain Management.

## 7. Future Regulated Procurements Summary

During the next two financial years, the authority expects to commence the following regulated procurement activity.

Subject Matter	Contract Type - New or Re-Let	Expected Award Date	Expected Start Date	Estimated Contract Value
Hospital Bedside Television Provision	Re-Let	Jun-19	Sep-19	TBC
Medical Locum Management Service	Re-Let	Jul-19	Sep-19	£340,000
Provision of Vasectomy Services	Re-Let	Jul-19	Sep-19	TBC
Provision of a Guided Self Help Service in Argyll & Bute	Re-Let	TBC	2019	£400,000
Small Isles Boat Charter	Re-Let	Nov-19	Dec-19	£80,000
Treatment Planning System Refresh Purchase	New	Aug-19	Aug-19	£625,000
Linear Accelerator Purchase	New	Sep-18	Oct-18	£2,001,000
Public Health Project - Housing First	New	Dec-18	Jan-19	£200,000
Public Health Project - Prevention and Education	New	Dec-18	Jan-19	£100,000
Public Health Project - Children and Families	New	Dec-18	Jan-19	£70,000
Public Health Project - Peer Education	New	Dec-18	Jan-19	£80,000
Public Health Project - Learning Disabilities	New	Dec-18	Jan-19	£50,000
Public Health Project - Challenge Fund	New	Dec-18	Jan-19	£50,000
Laboratories Managed Service Contract	Re-Let	Nov-18	Nov-18	£21,000,000
Advocacy Service	Re-Let	Dec-18	Apr-19	£1,500,000
Provision of Carers	Re-Let	Dec-18	Apr-19	£1,500,000
Badenoch & Strathspey and Skye and Lochalsh & South West Ross Community Hospitals	New	May-19	Jun-19	£30,000,000
Stage 2 design fees interim payment (B&S - as above)	New	TBC	Aug-18	£600,000
Stage 2 design fees interim payment (SLSWR - as above)	New	TBC	Sep-18	£650,000
X-Ray machine for New B&S Community Hospital	New	Mar-19	Jan-21	£200,000
Building works at Ian Charles Hospital site and refurb of Grantown Health Centre	New	Dec-19	Jun-21	£1,850,000
M&E service design for building works at Ian Charles Hospital site and refurb of Grantown Health Centre	New	Sep-18	Oct-18	£50,000
Raigmore Accommodation Upgrade - Loch Court	New	Nov-18	Dec-18	£350,000

Subject Matter	Contract Type - New or Re-Let	Expected Award Date	Expected Start Date	Estimated Contract Value
Over-Spill Car Parks - Raigmore Hospital	New	2018	2018/19	£558,000
Quad lift replacement - Raigmore Hospital (1 <sup>st</sup> phase)	New	2018	2019	£300,000
Forensic Services Accommodation	New	2019	2019	£300,000
Raigmore BMS Replacement	New	2019	2019	£130,000
Oil to LPG - Lorn & Islands	New	2018/19	2019	£120,000
Cleaning Services - North & West, IMF and South & Mid	New	2019	Mar-19	£648,300
Maximo Support Services	Re-Let	2019	Mar-19	£320,000
Electrical Periodic Inspections	Re-Let	2019	2019	£434,440
Biomass Maintenance	New	2019	2019	TBC
Provision of a Medical Services At HMP	New	2018	Oct-18	£500,000
Provision of District Medical Lead contracts across NHHSCP	New	2019	Apr-19	£598,000
Medical Support to a Nurse Led Service for Ross Memorial Hospital	New	2018	Oct-18	£144,000
Medical Cover for Invergordon Hospital	New	2019	Apr-19	TBC
Smoking Cessation	New	2019	Apr-19	TBC
Renal Transport A&B	New	2019	Jul-19	TBC
Renal Transport Raigmore	New	2018	Oct-18	£178,796
Aids For Daily Living	Re-Let	2019	Jul-19	£220,000
Specialist Environmental Aids for Deaf People	Re-Let	2019	Aug-19	£113,000
Small Works Framework	New	2019	2019	TBC
Asset Evaluation Services	Re-Let	2018	Dec-18	£55,000
Investment Managers	Re-Let	2019	Apr-19	£520,000
Paging System	New	2020	Sep-20	£175,000

## 8. Procurement Annual Report Ownership and Contact Details

**Completed by:** Neil Stewart

**Designation:** Head of Procurement and Logistics **Date:** 31/08/2018

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