



NHS Highland
Procurement Annual Report
2018-2019



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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 second annual procurement report under the 2014 Act and covers the period from 1st April 2018 to 31st March 2019.

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.

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. Our first annual procurement report and our procurement strategy have been published on NHS Highland's website on its procurement pages found at this link:

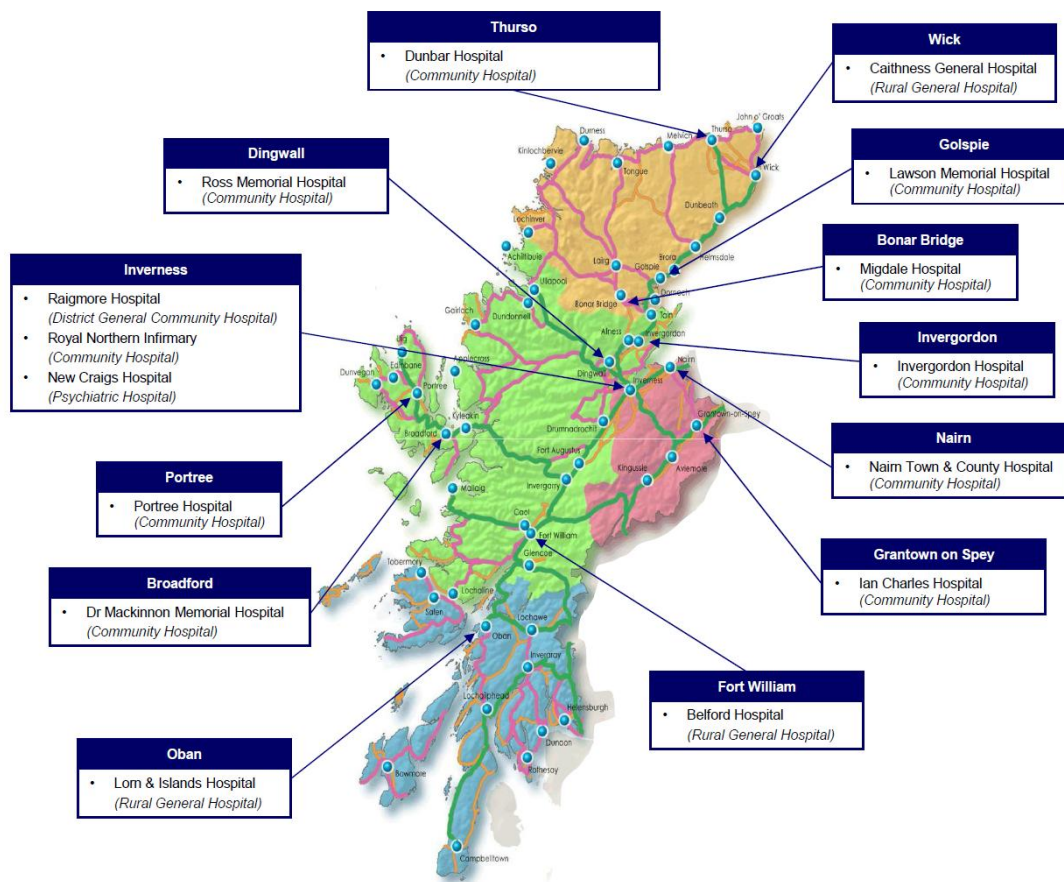
<https://www.nhshighland.scot.nhs.uk/AboutUs/Procurement/Pages/ProcurementPublications.aspx>

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 Campbeltown, on the Kintyre peninsula, 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 2018/19 had a trade spend with 3159 third party suppliers of approx £126.7M. Approximately 49% 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.

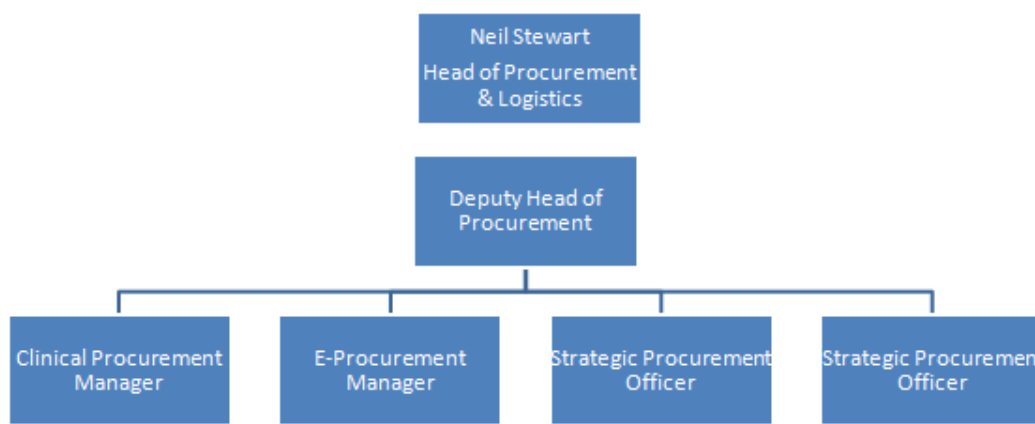
We operate within the context of a published Procurement Strategy. Our strategic aims are:

- 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.

Where our requirements cannot be met by local, regional or national frameworks, contract requirements in excess of £50,000 (regulated procurements) are advertised on the Public Contracts Scotland website and for regulated procurements over EU thresholds, in the Official Journal of the European Union (OJEU). To ensure best value, for procurements under £50,000 contract value we undertake competitive quotation processes to a lower threshold of £10,000.

The current procurement team structure is as follows:



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 Name	Value	Supplies / Services / Works	Call off?
20/12/2018	Audit Scotland	£ 170,550	Audit Fees 2018/19	No
03/10/2018	Boston Scientific	£ 75,000	NHS NSS NP635/15 - Cath Lab Consumables - Call Off	Yes
02/08/2018	Canon Medical Systems	£ 50,597	NHS NSS NP167/18 - Supply, Installation and Maintenance of Diagnostic Imaging Equipment - Call Off	Yes
20/09/2018	Care Monitoring 2000	£ 103,367	ESPO Contract 394_15 Electronic Homecare Monitoring and Scheduling Solutions	Yes
03/08/2018	Carestream Health UK	£ 84,165	NHS NSS PACS Programme Contract - Call Off	Yes
31/01/2019	Chrystal Consulting	£ 919,836	NHS SBS Neutral Vendor Managed Service Framework SBS/16/SG/FBY/9022/03 - Call Off	Yes
21/02/2019	CSC Computer Sciences	£ 60,155	Annual Maintenance and Support for EDIS - Commitment Agreement	No
Multiple	Custody & Offender Medical Services	£ 244,900	NHS Highland Contract HH036-16 - Forensic Medical Services - Call Off	Yes
Multiple	Dacoll	£ 382,005	NHS Highland GP IT Desktop Support contract ref 108735. OJEU ref 2009/S 198-285164 - Call Off	Yes
30/08/2018	ERBE Medical	£ 52,773	NHS NSS NP172/16 - Electrosurgical - Call Off	Yes
10/04/2018	GE Capital Finance	£ 96,609	NHS Highland Contract for the Lease of Goods 004.00024021.0001 - Extension	No
Multiple	GE Medical Systems Ltd	£ 725,610	NHS NSS NP172/16 - Electrosurgical & NP167/18 - Supply, Installation and Maintenance of Diagnostic Imaging Equipment - Call Off	Yes
13/06/2018	Haag-Streit UK	£ 58,941	NHS Supply Chain Contract 2017/S003-003942 - Ophthalmic Capital Equipment - Call Off	Yes
Multiple	HP Inc	£ 1,400,464	Scottish Government Contract SP-15-011-4 Desktop Client Devices and SP-15-011-1 Mobile and Client Devices - Call Off	Yes
Multiple	InHealth	£ 107,717	NHS NSS NP169/15 - Mobile and Static Diagnostic Imaging Services - Call Off	Yes
Multiple	InPractice Systems	£ 454,763	Central Legal Office Ref 280214SW Pharmacy Manager System Support - Call Off	Yes
19/03/2019	Insource	£ 124,619	VEAT Notice HH035/15 - AHDE Licences and LEEP Support Contract	No
08/10/2018	KPMG LLP	£ 232,362	Health Trust Europe Framework SF049711 Consultancy and Advisory Services - Call Off	Yes
Multiple	Leica	£ 65,871	NHS NSS NP182/13 - Microscopes - Call Off	Yes
08/06/2018	Medtronic Limited	£ 69,091	NHS NSS NP675/18 - Neurosurgical Consumables - Call Off	Yes
28/06/2018	Mindray	£ 278,490	NHS NSS NP173/15 - Patient Monitors, Anaesthetic Machines and Hospital Ventilators & NP167/18 - Supply, Installation and Maintenance of Diagnostic Imaging Equipment - Call Off	Yes
Multiple	Olympus Medical	£ 307,701	NHS NSS NP147/14 - Flexible Video Endoscopy Equipment and Maintenance - Call Off	Yes

Award date	Supplier Name	Value	Supplies / Services / Works	Call off?
Multiple	Peacocks	£ 64,260	NHS NSS NP143/17 - Decontamination Equipment and associated Maintenance, Accessories and Consumables - Call Off	Yes
Multiple	Philips Healthcare	£ 298,134	NHS NSS NP173/15 - Patient Monitors, Anaesthetic Machines and Hospital Ventilators - Call Off	Yes
11/03/2019	PwC	£ 988,582	Crown Commercial Service RM6008 - Management Consultancy Framework Two (MCF2)	Yes
Multiple	Radiology Reporting	£ 162,542	NHS Highland Contract HH026/15 - Radiology Reporting Services Cross Sectional, Out of Hours and Plain Film - Call Off	Yes
21/02/2019	SCC Specialist Computer Centres	£ 256,830	Health Trust Europe Framework Information Communication Technology Solutions- Call Off	Yes
21/06/2018	Scott Moncrieff	£ 155,433	NHS Highland Internal Audit Contract 2018/19	No
08/01/2019	Siemens Diagnostics	£ 2,081,156	NHS Highland Laboratory Service MSC	No
21/12/2018	Siemens Healthcare Ltd	£ 637,030	NHS NSS NP167/18 - Supply, Installation and Maintenance of Diagnostic Imaging Equipment - Call Off	Yes
27/03/2019	Softcat	£ 366,701	NHS NSS NH5016/17 - Software Value Added Reseller - Call Off	Yes
27/09/2018	Southside Road Medical Practice	£ 400,000	NHS Highland Contract HMP-001-18 - Medical Services at HMP Inverness	No
05/11/2018	Stryker UK Ltd	£ 125,734	NHS NSS NP145/18 - Rigid Endoscopy Equipment, Accessories, Maintenance and Repair - Call Off	Yes
09/11/2018	Tain & District Medical Group	£ 105,000	NHS Highland Contract S&MD-001-18 - Provision of Medical Support Service	No
30/08/2018	Thermo Fisher Scientific	£ 195,201	NHS NSS NP586/14 - Culture Media - Call Off	Yes
30/04/2018	Trustmarque	£ 142,903	NHS NSS NP5016/12 - Software Reseller Framework Agreement - Call Off	Yes
26/03/2019	UpToDate	£ 65,014	Annual Licence for UpToDate Subscriber Self-Registration	No
Multiple	Vanguard Healthcare	£ 533,216	NHS Supply Chain Contract 2014/S 067-115058 - Mobile and Strategic Clinical Solutions (MSCS) Framework - Call Off	Yes
12/12/2018	Varian Medical Systems	£ 2,159,111	NHS NSS Contract XPFC/179/MP/MCB - Linear Accelerator Supply Agreement	No
21/02/2019	Voice Technologies	£ 55,457	Annual Support and Software Assurance Maintenance for NHS Highland Dictation Machines - Commitment Agreement	No
31/12/2018	Waverley Care Edinburgh	£ 151,500	NHS Highland Contract NHS-116 - Provision of HIV Prevention Services	Yes

Summary of Non Competitive Actions

In 2018/19, a total of 14 contract commitments, totalling £11.34M, 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.

Award Date	Supplier	Value	Supplies/Services/Works	Justification
11/04/2018	APT Controls	£ 73,019	Electric vehicle charging points	Absence of competition for technical reasons
19/06/2018	Vision RT	£ 155,000	3 Camera System	Absence of competition for technical reasons
20/06/2018	Tiree Medical Practice	£ 499,865	OOH GP Service	Only viable supplier in the area
22/05/2018	University of the Highlands and Islands	£ 852,074	UHI Library Services	Absence of competition for technical reasons
16/08/2018	Malcolm Thomas Consulting Engineer	£ 67,000	Inspection, Commissioning and Verification.	Absence of competition for technical reasons
31/08/2018	Weiss APS	£ 200,000	Biomass Boiler Recommissioning	Absence of competition for technical reasons
03/10/2018	Lochgilphead Medical Centre	£ 2,663,241	OOH GP Service	Only viable supplier in the area
03/10/2018	Campbeltown Medical Practice	£ 2,802,123	OOH GP Service	Only viable supplier in the area
03/10/2018	Islay Medical Services	£ 1,299,456	OOH GP Service	Only viable supplier in the area
03/10/2018	The Bute Practice	£ 2,265,582	OOH GP Service	Only viable supplier in the area
28/01/2019	Zoll	£ 124,875	Defibrillators	Absence of competition for technical reasons
24/01/2019	Opex Corporation	£ 72,000	Document Scanners	Absence of competition for technical reasons
12/02/2019	Allocate Software	£ 104,348	Online job planning	Absence of competition for technical reasons
19/02/2019	Assured Change Ltd	£ 170,000	Interim PMO Support Service	Absence of competition for technical reasons

3. Review of Regulated Procurement Compliance

NHS Highland has published a Procurement Strategy to cover the period 2018 – 2021 which is available to view on the NHS Highland Procurement internet pages. 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 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. As a result of previous 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.

4. Community Benefit Summary

During the reporting period, there was 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 2019/20 and 2020/21. We also continue to monitor community benefits delivered as a result of contract awards in previous years.

5. Supported Business Summary

NHS Highland continues to look for ways to increase its spend with supported businesses and has been successful in doing so in 2018/19 with an increase in spend of 74% above 2017/18. NHS Highland welcomed the Scottish Government decision to renew the Supported Businesses in Scotland Framework. NHS Highland's spend with supported businesses in the reporting period was approximately £122,000. Our largest contract with a supported business continues to be with Haven Inverness, but during the reporting period we have also provided business to ILM Highland and a small amount of business to Highland Blindcraft.

6. Other Items of Note

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 our own talent, support youth employment and raise the profile of procurement and supply chain as a career of choice.

NHS Highland supported the Youth Employment agenda with the appointment of 2 Modern Apprentices during 2018, one of whom is undertaking an apprenticeship in Procurement, and the other in Supply Chain Management. Both apprentices continued to work through their apprenticeships during 2018/2019.

The NHS Highland procurement team was delighted to be shortlisted as finalists in the GO Awards Scotland 2018/19 procurement team of the year award.

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
Accommodation upgrade, Raigmore	New	15/04/2020	15/04/2020	£ 350,000
Advocacy services	New	01/12/2019	01/04/2020	£ 600,000
Alterations to Broadford Health Centre	New	01/03/2020	01/04/2020	£ 640,000
Alterations to Cruachan suite, Lorn & Islands Hospital	New	07/10/2019	15/10/2019	£ 325,000
Alterations to Gairloch Health Centre	New	06/01/2020	01/02/2000	£ 150,000
Annual Support and Software Assurance Maintenance - Winscribe and WinVoicePro Systems	Re-let	01/04/2020	01/05/2020	£ 55,000
Building works at Ian Charles Hospital site and refurb of Grantown Health Centre	New	Dec-19	Jun-21	£ 1,850,000
Centre for Health Science 2 - Elective Care Centre	New	2019	2019	£ 38,000,000
Cleaning services	New	2020	2020	TBC
Discovery CT 750 + 1 Workstation maintenance contract	Re-let	TBC	01/04/2020	£ 81,000
EDIS Support	Re-let	01/03/2020	01/04/2020	£ 60,000
Endowments Investment Adviser	Re-let	01/03/2020	01/04/2020	£ 120,000
Equipping for new hospital at Aviemore	New	01/01/2021	01/03/2021	£ 700,000
Equipping for new hospital at Broadford	New	01/01/2021	01/04/2021	£ 500,000
Full service contract new SPECT-CT (Imaging Equipment).	New	TBC	TBC	£ 60,000
Highland Vision Support (P3/4)	Re-let	01/03/2020	01/04/2020	£ 77,000
Highlands First Line Support	Re-let	01/03/2020	01/04/2020	£ 175,000
Highlands Vision Support (P2)	Re-let	01/03/2020	01/04/2020	£ 95,000
Hospital Bedside Television Provision	Re-let	2020	2020	TBC
Imaging outsourcing reporting service	Re-let	2020	15/07/2020	£ 228,000
Lift replacement to Ward Block tower, Raigmore	New	07/10/2019	15/10/2019	£ 250,000
Medical Locum Managed Service	Re-let	2020	2020	£ 400,000
Oil to LPG - Lorn and Islands Hospital	New	2019	2019	£ 120,000
Optima Gamma camera contract	Re-let	2020	01/04/2020	£ 41,980
Out of Hours service East Sutherland	Re-let	2020	2020	TBC
Out of Hours service Wester Ross x 3	Re-let	2020	2020	TBC
Paging System	New	2020	2020	£ 175,000
Provision of a Guided Self-Help Service in Argyll and Bute	Re-let	2020	2020	£ 400,000
Provision of carers	New	31/03/2020	01/09/2020	£ 2,500,000
Provision of Out of Hours Medical Services Nairn & Arderseir	Re-let	TBC	01/12/2019	£ 426,000

Provision of Vasectomy Services	Re-let	2020	2020	£	520,000
Raigmore BMS Replacement	New	2019	2019	£	130,000
Renal Transport in Argyll and Bute	New	2020	2020		TBC
Servicing, maintenance and LOLER examinations for domestic mobility equipment.	Re-let	2020	2020	£	220,000
Siemens Managed Service Contract	Re-let	2019	2020	£	2,000,000
Small Isles Boat Charter	Re-let	2020	2021	£	80,000
Small Works Framework	New	2019	2019		TBC
Specialist Environmental Aids for Deaf People	Re-let	2019	2019	£	113,000
Supply and delivery of a weekly Mo99/Tc99m generator essential to provide the Nuclear Medicine service	Re-let	01/04/2020	01/05/2020	£	57,000
Supply and install/transfer and install X-ray equipment for new hospitals in Broadford and Aviemore	New	01/01/2021	01/03/2021	£	300,000
Teleradiology Services reporting service	Re-let	2020	15/07/2020	£	600,000
TrakCare License Software Update	Re-let	01/07/2020	01/08/2020	£	488,000
TrakCare License Technical Assistance	Re-let	01/07/2020	01/08/2020	£	325,000
VCT Cardiology maintenance contract	Re-let	2020	01/04/2020	£	53,000

8. Procurement Annual Report Ownership and Contact Details

Completed by: Ruth Lees

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Date: 31/08/2019

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Date: 31/08/2019

Annex A - Annual Procurement Report template

1. Organisation and report details	
a) Contracting Authority Name	NHS Highland
b) Period of the annual procurement report	2018-19 FY
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? <i>(Yes / No)</i>	Yes
2. Summary of Regulated Procurements	
Completed	
a) Total number of regulated contracts awarded within the report period	55
b) Total value of regulated contracts awarded within the report period	£26,357,974
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	53
i) how many of these unique suppliers are SMEs	28
ii) how many of these unique suppliers how many are Third sector bodies	1
3. Review of Regulated Procurements	
Compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	55
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
4. Community Benefit Requirements Summary	
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	0
i) Total Value of contracts sub-contracted to Social Enterprises	0
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	0
<u>5. Fair Work and the real Living Wage</u>	
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
<u>6. Payment performance</u>	
a) Number of valid invoices received during the reporting period.	179,122
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	92.59%
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
<u>7. Supported Businesses Summary</u>	
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:	£122,163.68
i) spend within the reporting year on regulated contracts	£63213.08
ii) spend within the reporting year on non-regulated contracts	£58950.58
<u>8. Spend and Savings Summary</u>	
a) Total procurement spend for the period covered by the annual procurement report.	£126,711,339

b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£62,088,556
c) Total procurement spend with Third sector bodies during the period covered by the report.	£7,746,380
d) Percentage of total procurement spend through collaborative contracts.	22.62%
e) Total targeted cash savings for the period covered by the annual procurement report	£830,000
i) targeted cash savings for Cat A contracts	N/A
ii) targeted cash savings for Cat B contracts	N/A
iii) targeted cash savings for Cat C contracts	N/A
f) Total delivered cash savings for the period covered by the annual procurement report	£938,385
i) delivered cash savings for Cat A contracts	£578,909
ii) delivered cash savings for Cat B contracts	£307,794
iii) delivered cash savings for Cat C contracts	£51,682
g) Total non-cash savings value for the period covered by the annual procurement report	£5,322
9. Future regulated procurements	
a) Total number of regulated procurements expected to commence in the next two financial years	44
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£53,264,980