



# Procurement Strategy 2025-2030





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## 1 EXECUTIVE FOREWORD



The NHS in Scotland is operating in a time of profound challenge and transformation. Against a backdrop of rising demand, financial constraint, workforce pressures, and increasing public expectations, we are all being asked to think differently about how we deliver services and how we use our resources. The need to maximise value, ensure sustainability, and deliver the highest quality of care has never been greater.

In this context, procurement is more than a transactional process—it is a strategic tool that can help shape the future of health and care in Scotland. Through the way we purchase goods and services, we can support innovation, reduce waste, drive social value, and enable more resilient and responsive

health systems. Every decision we make has the potential to contribute meaningfully—not only to improved health outcomes but also to a fairer, greener, and more inclusive society.

This Procurement Strategy sets out our vision and priorities for the period 2025 to 2030. It has been developed in close alignment with both the Scottish Government's Procurement Strategy and the NHS Scotland Procurement Strategy 2024–2029, ensuring our approach reflects national priorities and the collective ambition for public procurement in Scotland. It also recognises the distinct needs of our organisation and the communities we serve across Highland.

Over the next five years, we will focus on embedding best practice, championing sustainable and ethical procurement, and building strong, collaborative relationships with suppliers and partners. Our aim is to ensure that procurement is a trusted, value-adding function—supporting the delivery of safe, effective, and person-centred care now and into the future.

As Director of Finance, I am proud to present this strategy, which reflects not only our organisational priorities but also the values and professionalism of our procurement teams. Their expertise, adaptability, and commitment to excellence underpin the progress we have made and will continue to make in the years ahead.

I would like to take this opportunity to thank all our staff—both within procurement and across the wider system—whose efforts every day help us deliver for the people of Highland.

We invite our colleagues, partners, and suppliers to work with us in delivering on this ambition and helping us shape a more sustainable, resilient, and innovative future for health and care in Scotland.

**Heledd Cooper**

*Director of Finance, NHS Highland*



## 2 LEADERSHIP SUMMARY



NHS Highland's procurement strategy for 2025 to 2030 sets out how we will deliver our health board procurement over the next five years and also reflects on our ambitious programme of work to maximise the impact of procurement in the Highland region and beyond.

Closely aligning with the road map and vision set out within the [Public Procurement Strategy for Scotland](#), 'putting public procurement at the heart of a sustainable economy to maximise value for the people of Scotland', we will harness our significant spending power to promote a green and just economic recovery. Through providing a strong framework of positive change and achievement, procurement is helping to create opportunity, boost inclusive and sustainable economic wellbeing, tackle inequalities and create real social impact.

Health sector procurement has a pivotal role to play in the Scottish Government's ambitious 10 year programme of Public Service Reform to ensure that Scotland will be a wealthier, fairer, greener and a more equal country.

In the design and delivery of our procurements, we will help to provide a sustainable and effective health service through a focus on our mission to provide professional leadership in the procurement process through knowledge sharing, collaboration and partnership working with the aim of improving efficiencies, delivering best value outcomes and ensuring fairness, transparency and consistency for all colleagues, partners, service users and the supplier community. Through a collaborative approach and working closely with other public, private, and third sector partners, we are helping to reduce health inequalities and build community wealth.

We will also help to balance health board finances with the outcomes we aim to deliver, all against a backdrop of inflationary pressures, supply chain challenges and a cost of living crisis. Using the power of procurement, NHS Highland will use our status as an Anchor Institution to make the Highland region and Scotland a better place to live, work and do business. We will do this through reducing poverty, promoting inclusive economic growth, supporting local economies, supporting local businesses, manufacturing and third sector, creating fair opportunities for all, and accelerating our just transition to a net zero economy.

We do this by leading with integrity and compassion, taking an inclusive, collaborative and innovative approach. We apply our professional leadership, developing our talent and supporting colleagues to achieve the ambitions that are important to the future of health and care in NHS Highland.

**Becky Myles**

*Head of Procurement, NHS Highland*



### 3 INTRODUCTION

The Procurement Reform (Scotland) Act 2014 requires any public body, which expects to have procurement expenditure of £5 million or more to either publish a strategy for the coming year, where one does not exist, or review an existing strategy annually as appropriate. The NHS Highland Procurement Strategy covers the 5 year period 2025-2030, with an annual review and republication of the Annual Procurement Report Annex A return, Procurement & Commercial Improvement Programme Self-assessment Summary Report and Procurement Annual Delivery Plan (Appendix 1, 2 & 3).

The Procurement Strategy has an important role in setting out how NHS Highland procures goods, services and works, providing a strategic focus for our procurement activities, including contract and supplier management. Documenting our procurement strategy and establishing a review process will:

- help with strategic planning;
- increase transparency and visibility;
- provide a better basis for engagement and remove unnecessary inconsistencies.

This procurement strategy demonstrates how NHS Highland's approach to procurement supports delivery of its broader aims and objectives. Inevitably, priorities will change over time but it is expected that these will be consistent with, and support, our overarching ambitions.

#### Background

Procurement published and interim Procurement Strategy in 2022, written in line with the 'Remobilise, Recover, Redesign' NHS Highland Strategic Direction plan for 2021-2022, allowing us to maintain a strategic focus for Procurement in the short term, whilst the longer term board strategy was being developed. During a state of transition following the UK's exit from the EU and post-COVID pandemic, the UK and Scottish Governments undertook to redesign the regulatory environment for public sector Procurement. We are now entering a more steady state environment and have reached the time for longer term strategic plans to be developed and implemented.

This new Procurement Strategy has been developed over the past two years through consultation with the wider Procurement Team, Senior Managers and selected stakeholders outwith the immediate Finance and Procurement function. Draft documents have been shared and discussed in regular staff meetings, inviting all to provide feedback and input to the final document. In particular, we have shared this plan with the Procurement and Commercial Service Improvement Team, Strategy and Transformation colleagues and externally with our collaborative Northern Health Boards Heads of Procurement network (NHS Grampian, NHS Orkney, NHS Western Isles and NHS Shetland). All feedback has been constructive and positive, with stakeholders appreciating the inclusive engagement process and sharing of best practice ideas on both structure and content.





## 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. The population residing in our board area is around 320,000 people.

The Procurement Department has statutory responsibility for regulated procurement activity across the whole [Health Board area, including in Argyll & Bute](#).

The Procurement Department provides strategic oversight and a comprehensive operational procurement service for functions across the board, with some specific Estates Works and Adult Social Care operational contracting activity being undertaken by separate teams within the board.

Our activities include strategic sourcing and contract implementation, procure-to-pay processing and management of eProcurement systems and processes. We are a professional procurement service, providing expert advice and guidance to improve effectiveness and value for money on all expenditure for goods, services and works.

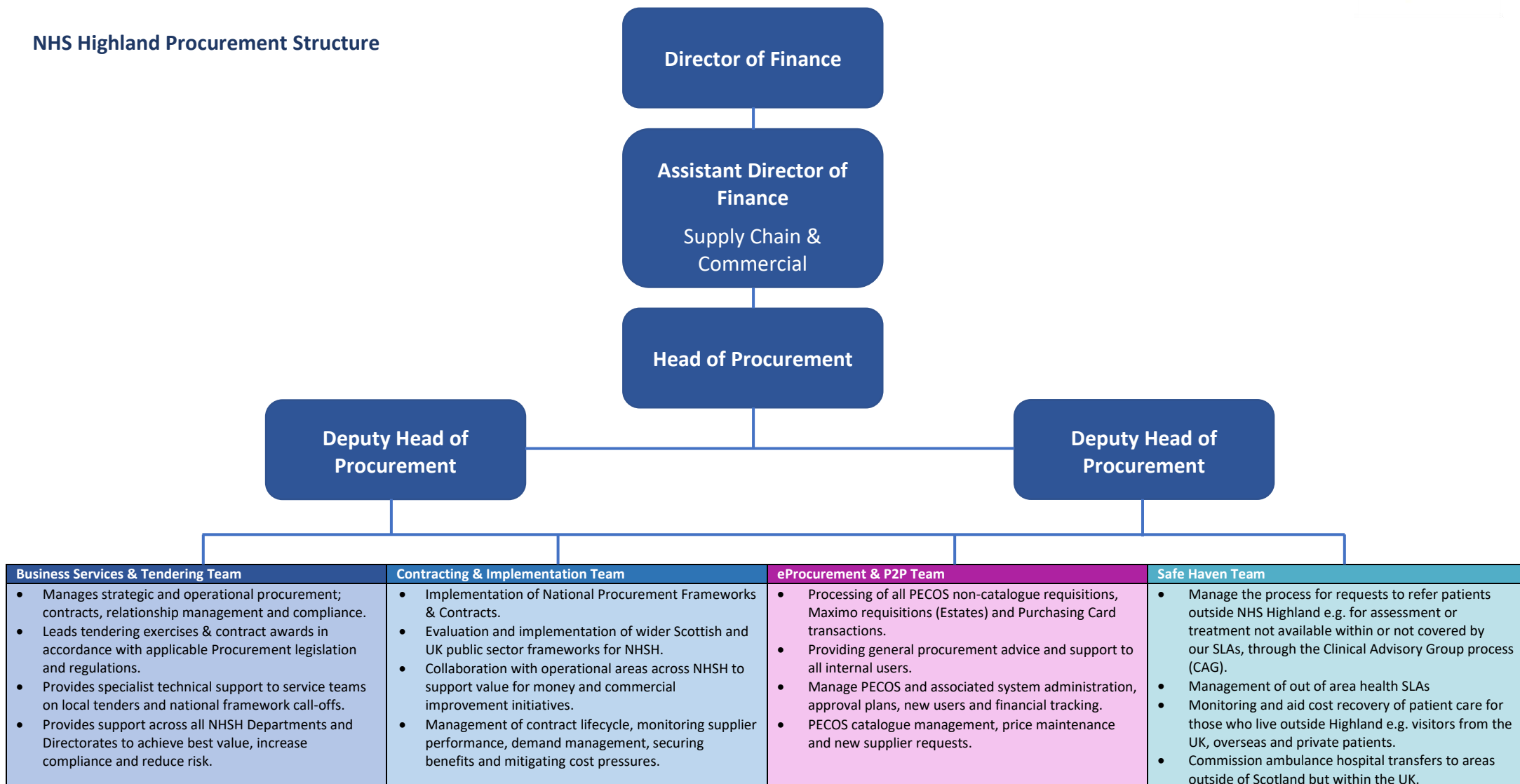
While Estates contracting activity for Works is devolved, the Procurement Department operates a business partnering approach, with Strategic Procurement staff working in partnership with Estates colleagues when undertaking regulated tendering activity. Procurement Department staff work with Estates colleagues to assess their procurement needs and draft procurement strategies for each project. Procurement staff manage competitive local tender projects and access appropriate national framework agreements, to select suppliers and award multi-year contracts for Estates related goods and services spend.

The Adult Social Care Commissioning, Contracts and Compliance Team has lead responsibility for the commissioning cycle, including adult social care procurement. The Procurement Department provides technical procurement support to this team for these areas of activity, and in particular for registered and unregistered services.

The Procurement Department provides strategic and operational procurement support to the [Argyll & Bute Integration Joint Board](#), when carrying out structured tendering. We work in partnership with Commissioning and Contracts Managers to identifying value for money opportunities, ensuring regulatory compliance and providing procurement activity work-planning and support.



## NHS Highland Procurement Structure





## 4 PURPOSE, VISION AND MISSION

### Our Purpose

**To deliver effective, sustainable and best value local, national and specialist procurement and contracting services, enabling and supporting improvements in the health and wellbeing outcomes for our population.**

**Within that context, NHS Highland Procurement is tasked with delivering procurement activities, in a manner, which enhances the experience of care, through the ethical purchase of goods and services on behalf of NHS Highland and supports growth of the Highland regional economy and Scotland as a whole.**

### Our Vision

**To put Procurement at the heart of a sustainable health service to maximise value and benefit for the patients, staff and community of NHS Highland.**

### Our Mission

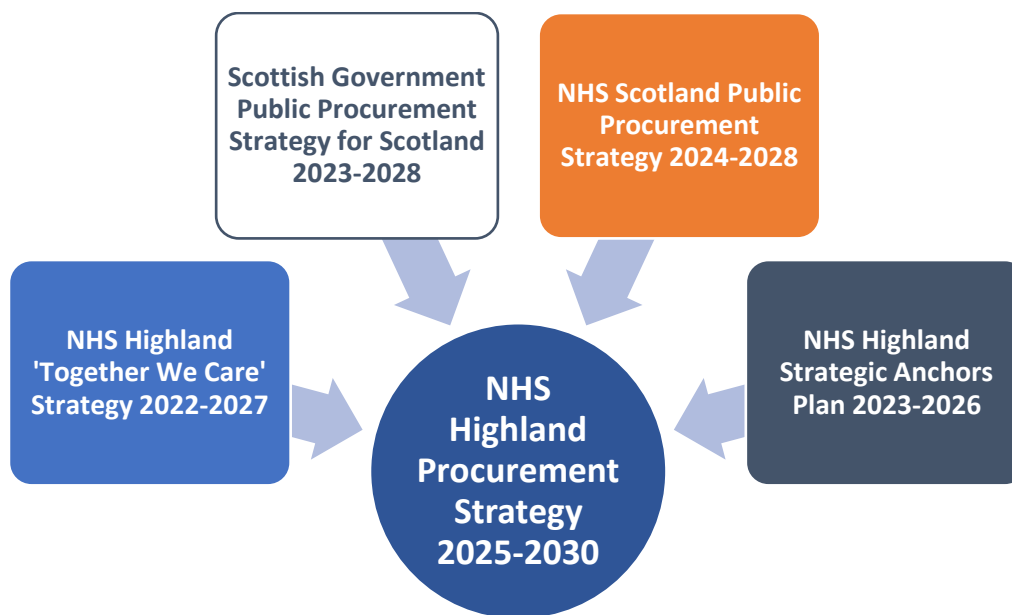
**To provide professional leadership in the procurement process through knowledge sharing, collaboration and partnership working with the aim of improving efficiencies, delivering best value outcomes and ensuring fairness, transparency and consistency for all colleagues, partners, service users and the supplier community.**



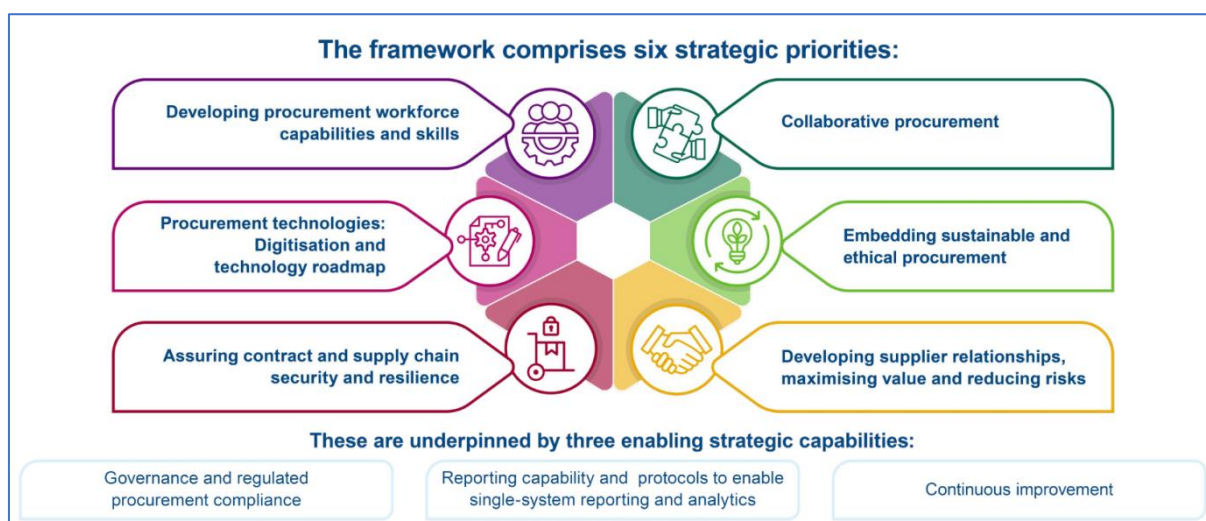


## 5 STRATEGIC AIMS, OBJECTIVES AND KEY PRIORITIES

The **NHS Highland Procurement Strategic Aims and Objectives** are aligned to national, sectoral and local strategies and are developed in response to the challenges, levers and drivers most likely to impact on our operating environment over the next 5 years. We are committed in our ambition as an anchor organisation to achieve environmental, social and economic sustainability and will work in partnership with key stakeholders to ensure that all our activities have a positive impact and support growth.



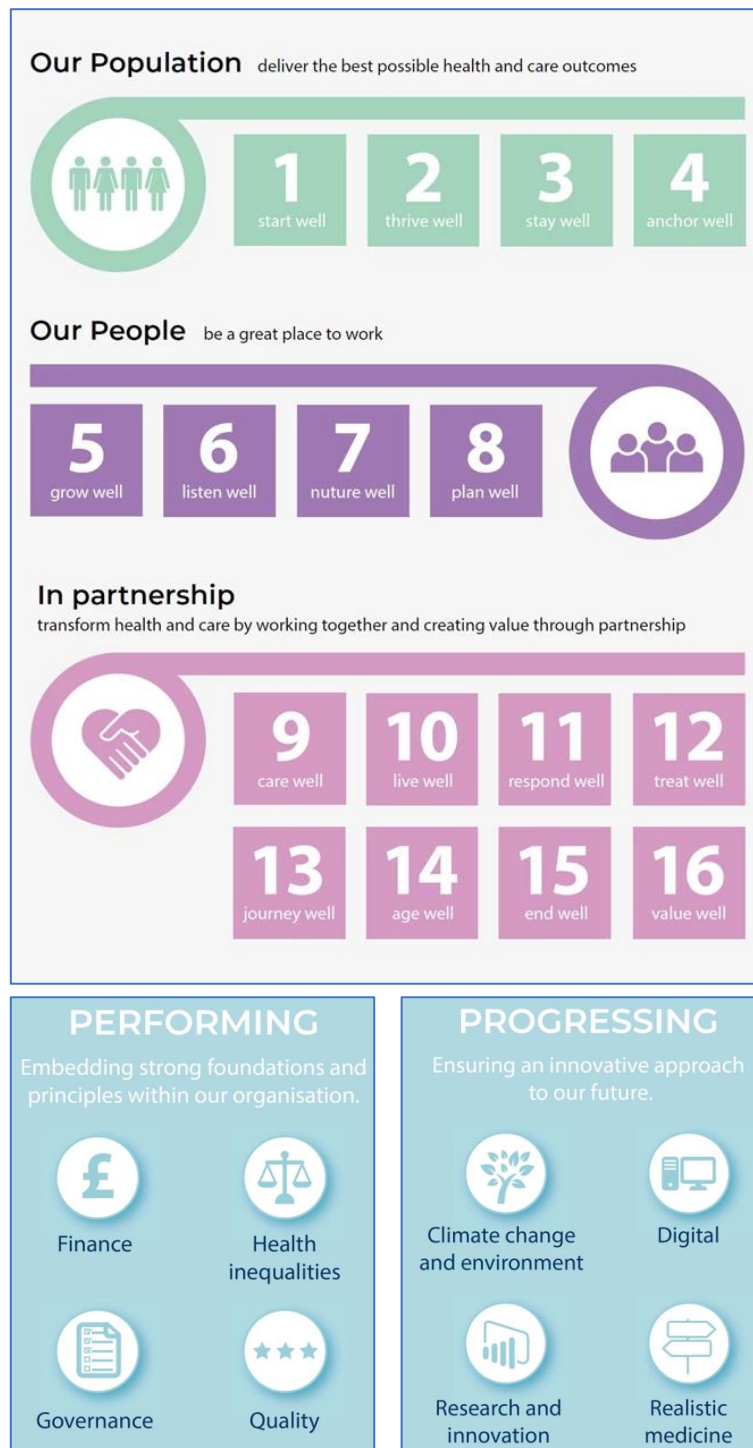
The **NHS Scotland Strategic Priority Framework** is linked and mapped to the Public Procurement Strategy for Scotland and its four outcomes: Good for Businesses and their Employees, Good for Places and Communities, Good for Society and Patients, Open and Connected.





The NHS Highland ‘Together we Care’ Strategy provides us with three strategic objectives to be delivered through 16 strategic outcomes, underpinned by an NHS Highland Annual Delivery Plan.

There are additional areas that underpin everything that we do as a health and care system. We need to develop strong foundations to **perform** well and to **progress** towards a sustainable future. These areas are the golden threads running through each of our outcomes and priorities as we work towards our mission, vision and objectives.





# 2025-2030

Our Strategic Aims and Objectives			Our Key Priorities			
<b>1. Good for businesses and their employees</b>  Maximise the impact of procurement to boost a green, inclusive and wellbeing economy, promoting and enabling innovation in procurement.	Anchor well	Progressing	<b>1.1 Suppliers</b>  Promote early engagement to foster innovative and entrepreneurial responses to our needs and requirements.  Collaborate with businesses to deliver positive, green and inclusive social impacts within our contracts.	<b>1.2 Supply Chain and Resilience</b>  Encourage a sustainable supply base that can support the work of NHS Highland to provide resilient and robust supply chains.  Develop appropriate relationships and forward looking plans to support the development of our supply markets.	<b>1.3 SMEs, Third Sector &amp; Supported Businesses</b>  Give consideration to how our procurements are conducted and contracts developed, to reduce barriers and enable participation for SMEs, Third Sector and Supported Businesses, with specific focus on the Highland region.	<b>1.4 Contract Management</b>  Carry out continuous contract management to ensure the right outcomes are delivered and the performance of contracts is maximised.
	Value well	Performing				
<b>2. Good for places and communities</b>  Maximise the impact of procurement with strong community engagement and development to deliver social and economic outcomes as a means to drive wellbeing by creating quality employment and skills.	Anchor well	Progressing	<b>2.1 Community Wealth Building, Fair Work First and Community Benefits</b>  Maximise economic and social benefits through our procurement and commissioning activities, applying fair work practices, developing good networks, and secure supply chains.	<b>2.2 Whole Life Costing</b>  Promote sustainable procurement through routine consideration of whole life costing to ensure value for money in procurement, minimise environmental damage and maximise socio-economic benefits.	<b>2.3 Climate Emergency and Environment</b>  Making informed decisions as we engage early to create innovative solutions to positively respond to the climate crisis.  We will prioritise the evaluation and secure our suppliers' commitment to reducing Scope 3 emissions.	<b>2.4 Waste Reduction</b>  Eliminate waste throughout the supply chain where possible.  Act in a way that will secure net zero emissions through a 'Just Transition' and promote a circular economy.
	Value well	Performing				
<b>3. Good for society and patients</b>  Ensure that we are efficient, effective and forward thinking through continuous improvement to help achieve a fairer and more equal society.  Provide focus, ensuring quality, value, and a robust, responsive healthcare supply chain. Contributing to the continual improvement of patient care and outcomes.	Anchor well	Progressing	<b>3.1 Economic Wellbeing</b>  Make conscious and considered decisions that achieve best value and aims to establish practices and contracts that support the people and businesses of Scotland.	<b>3.2 Emergency situations</b>  Procurement has been critical in responding to previous emergencies and humanitarian situations, and will strive to provide innovative, effective and efficient responses to future emergency situations.	<b>3.3 Engagement and Participation</b>  Engaging with stakeholders to understand local needs and requirements to help shape procurement policies, initiatives and contracts.	<b>3.4 Health inequalities</b>  We will support our health board ambitions on reducing health inequalities in our communities to improve community health, wellbeing and education.  Our continuous improvement actions will ensure our supply chain is efficient and robust, contributing to better patient experience and outcomes.
	Value well	Performing				



# 2025-2030

Our Strategic Aims and Objectives			Our Key Priorities			
<b>4. Open and Connected</b>  Ensure procurement is open, transparent and connected at local, national and international levels.	Anchor well	Progressing	<b>4.1 Digital Reach</b>  We will provide electronic systems that empower our communities to choose how they interact with us and enable our staff to work seamlessly.  We will engage with the specification development of new national procurement systems and solutions for supplier engagement, pre-award, tender evaluation, post-award and reporting and compliance activities.	<b>4.2 Data Quality</b>  Take advantage of opportunities to develop and improve the data, management information and systems, while leveraging automation and future technologies.  We will assess the benefits of AI applications in a procurement context and make recommendations for utilisation to drive efficiency in data analysis, reporting and planning.	<b>4.3 Connectivity</b>  We will strive for an ease of doing business with us, and remain connected to support development of best practice.  We will create a digital 'front door' and signposting to simple self-service solutions and communication channels for all stakeholders.  Providing up to date information and guidance and collaboration opportunities.	<b>4.4 Consistency</b>  Promoting consistent use of tools, platforms and systems, processes, guidance and templates.  Providing specific 'licence to procure' mandatory training modules for key stages in the procurement process such as: <ul style="list-style-type: none"> <li>• Requirements drafting</li> <li>• Obtaining and evaluating quotes and tenders</li> <li>• Contract &amp; Supplier Management</li> <li>• Savings and benefits capture and reporting</li> </ul>
	Value well	Performing				
<b>5. Good for Workforce</b>  Attracting, training and retaining a professional Procurement workforce. Our goal is to equip teams with the skills and capabilities needed to meet the evolving challenges of the procurement landscape. This will ensure a resilient, future-ready workforce committed to procurement excellence in patient care.	Listen well	Nurture well	<b>5.1 Talent attraction and retention</b>  Create a sustainable pipeline of talent for all roles and excel in our recruitment and onboarding, making us an employer of choice both locally and nationally.	<b>5.2 Personal development</b>  Ensure that all colleagues are supported to be successful in their role and are valued and respected for the work they do. Everyone will be clear on their objectives, receive regular feedback and have a personal development plan.	<b>5.3 Team development</b>  Work in partnership with colleagues to shape our future and make decisions. Our leaders will be visible and engaged with the wider organisation, listening to, hearing and learning from experiences.	<b>5.4 Culture and resilience</b>  Support colleagues' physical and mental health and wellbeing through all the stages of their life and career with us. We foster an inclusive and kind culture where difference is valued and respected.
	Plan well	Grow well				



## 6 SPEND PROFILE AND FINANCIAL POSITION

NHS Highland's total reportable non-pay spend for 2023/24 was £321M. Our core trade spend over the same period was £300.5M and includes all Trade and Social Care Providers with whom we spent £1,000 or more in the financial year. All of our core trade spend is considered Procurement influenceable.

2023/24	£321,093,130 Total Spend		£300,597,014 Core Trade Spend	
	£86,946 Avg. spend per supplier		1,650 SME Suppliers	386 Local Suppliers
	3,693 Suppliers	173,695 Transactions	53.55% SME Spend	32.61% Local Spend

NHS Highland further categorise spend using the vCode Business Sector structure. Our top 15 Business Sector categories account for £312.5M, approximately 98% of our total spend.

Business Sector	2023/24	
1. Social Care & Services	£130.0M	41%
2. Healthcare	£61.3M	19%
3. Human Resources (non-pay)	£33.2M	10%
4. Facilities Management	£27.2M	8%
5. Construction	£21.3M	7%
6. ICT	£8.1M	3%
7. Utilities & Energy	£5.1M	2%
8. Education	£4.8M	1%
9. Travel & Accommodation	£4.6M	1%
10. Other Goods & Services	£3.7M	1%
11. Food, Beverage & Catering	£3.4M	1%
12. Vehicles	£3.4M	1%
13. Laboratory	£2.6M	<1%
14. Waste & Environmental	£2.1M	<1%
15. Financial Services	£1.7M	<1%
	<b>£312.5</b>	<b>98%</b>





Adult Social Care & Services is our highest spend category. Cost pressures and demand are expected to continue rising in part due to the cost of living crisis, the legacy of COVID-19 and an aging population. At present, one in 25 people in Scotland is over the age of 65 and by 2045, this is expected to grow by up to a third.

Our remaining 2% spend, just under £8M, is categorised as follows;

Business Sector	2023/24	
16. Transport	£1.3M	<1%
17. Business Support Services	£1.3M	<1%
18. Manufacturing & Machinery	£0.8M	<1%
19. Arts, Sport & Leisure	£0.7M	<1%
20. Security Equipment & Services	£0.7M	<1%
21. Public Sector Bodies	£0.7M	<1%
22. Stationery & Office Supplies	£0.6M	<1%
23. Charitable & Religious Activity	£0.5M	<1%
24. Marketing & Media	£0.5M	<1%
25. Professional Services	£0.5M	<1%
26. Personal Care	£0.2M	<1%
27. Clothing	£0.1M	<1%
28. Legal	<£0.1M	<1%
29. Retail & Wholesale	<£0.1M	<1%
30. Animals & Farming	<£0.1M	<1%
	<b>&lt;£8.0M</b>	<b>2%</b>

Total spend is expected to increase by 2-3% each year, assuming inflation remains at or close to the official target rate of 2% from 2024-25 onwards.



## 7 PROCUREMENT BEST VALUE PROPOSITION

The Procurement Strategy for 2025-30 aims to position procurement to work towards a best practice model as the next phase in our development. Investment in the implementation of a new operating structure during 2022-23 was a step in the right direction, allowing for further action to be taken to achieve our full potential. Benefits to the organisation from investing in an effective and high performing procurement function include:

- Reducing harm and providing more sustainable care with goods and services procured on time and delivered to the right place
- Improved value for money and cost reduction
- Improved relationships and collaboration with neighbouring health boards, local authorities and suppliers
- Improved visibility and analysis of non-pay spend
- Raised procurement profile and greater intervention across all non-pay spend
- Reduced operational and financial risk
- Improved compliance with statutory and regulatory obligations including Procurement legislation and Standing Financial Instructions
- Ability to recruit and retain a high calibre workforce in a competitive market
- Capacity to grow our own talent, creating a sustainable and resilient workforce

Further key areas for consideration include:

- Environmental, Social and Governance (ESG) including decarbonisation and supporting the [Scottish Government's target to transition to net zero by 2045](#).
- Category Management and Business Partnering operating models, aligning a dedicated professional procurement resource to manage relationships and support contract and supplier management across strategic non-pay spend areas such as Acute, Community, eHealth/IT and Estates.
- Supply chain risk management
- Aggregation opportunities and economies of scale by working in collaboration with other health boards alongside standardisation of processes and system integration
- Improved performance against the [Procurement and Commercial Improvement Programme](#) self-assessment criteria, measuring and reporting on our procurement and commercial capability and continuous improvement initiatives, including development of good specifications, implementation of contract and supplier relationship management, demand management and procurement process automation. This may include procuring digital infrastructure such as contract management lifecycle tools to improve visibility and compliance.

In the future, greater collaboration between budget holders and procurement is required. This should be underpinned by joint ownership (using a vertical and horizontal methodology to ensure both parties are accountable for delivery) and upskilling. A more proactive and strategic approach is expected to result in additional opportunities for improved operational service and greater value for money derived from levers such as price, improved specification and requirements development, innovation, and demand management.



## 8 SUPPLIER ENGAGEMENT AND CONTRACT MANAGEMENT

### Supplier engagement

Supplier engagement and in particular early market engagement, is an ongoing strategic activity that NHS Highland Procurement undertakes to improve our procurement processes and relationships, and encourage new and innovative solutions from current and potential future suppliers. [The Supplier's Charter](#) is a joint statement between Scottish public sector buying organisations and business to agree to work together to improve public sector procurement outcomes. We recognise the need, where practical, to simplify and standardise processes and be consistent to provide a fair and open approach to tendering and contracting. The Charter sets out a number of commitments for NHS Highland, including:

- Adequate publicity of contracting opportunities;
- Use of the [Scottish Single Procurement Document \(SDP\)](#) for pre-qualification
- Provision of meaningful post tender feedback and debriefs to any supplier that requests it.

All Regulated (Cat C) contract opportunities are advertised on [Public Contracts Scotland](#) and our published [Contract Register](#) is maintained, providing valuable information to the market on contract requirements, values and renewal dates. We publish Prior Information Notices at the earliest opportunity to publicise requirements in advance.

NHS Highland is also committed to ongoing dialogue and engagement with the business community with the aim to:

- Identify and reduce barriers to market entry (smaller lots and Dynamic Purchasing Systems to facilitate regular, lower value opportunities)
- Facilitate understanding of the public procurement legislative landscape in Scotland
- Ensure that larger contracts and framework agreements are supported by a business case and procurement options appraisal
- Keep tender processes simple but consistent with value for money obligations
- Enable participation opportunities for Small and Medium Sized Enterprises, Third Sector and Supported Businesses with a particular focus on the Highland region.

We will do this by signposting businesses to published sources of information and opportunities including, the [Scotland Innovates](#) hub, the [Supplier Development Programme](#), the Scottish Government [Supplier Journey](#) and [Public Contracts Scotland](#).

NHS Highland Procurement will attend and support local, regional and national supplier engagement and networking events including 'Meet the Buyer', Procurement 4 Health (P4H), Procurex and Highlands and Islands Enterprise days. In addition, we will promote the



targeted use of NHS Highland pre-market supplier engagement events for our most complex requirements and tender opportunities.

Our [NHS Highland Procurement webpages](#) are being developed to include further signposting to training and opportunities, as well as full visibility of our key policies, processes and terms of business.

### **Contract Management (CM)**

The Chartered Institute of Procurement and Supply (CIPS) definition of [Contract Management](#) is the process of creating, implementing and reviewing contracts. Contracts exist between individuals, between business and suppliers or partners. Contract Management is generally split into pre-award and post-award stages, with the pre-award stage being of particular importance for strategic and critical contracts that are high value and/or high risk. Poor Contract Management results in missed opportunities, waste and increased costs, but good Contract Management can build strong relationships and add value.

How NHS Highland manages its contracts both pre and post award will have a big impact on performance and is directly linked to achieving our objectives and outcomes. Contract strategies must be in place for all high value and/or high risk contracts. Currently, much of our CM activity is managed centrally by the Strategic Procurement and Implementation Teams, with limited input from end users and stakeholders. Procurement acts as a middle-man, attempting to balance the needs and demands of the end user with the capacity and capability of the supply chain or wider market. Our Contract Management process is 'light' on detail, particularly at the pre-award stages creating issues and challenges at the post-award stage.

Responsibility for post-award commercial management of a contract or order is usually best carried out by the end user or a nominated Contracts Manager from the appropriate Department. The end user or Department Contract Manager is ideally positioned to develop positive working relationships with their suppliers, and motivate the supplier chain to deliver goods and services to meet the specification and requirements successfully.

Procurement will develop and implement a new Contract Management process, supported by training, guidance, templates and tools for effective application by the end user. Our new process will be based on the best practice guidance provided in the Procurement Journey and the CIPS Contract Management Cycle, which be applied proportionately based on the value/risk profile of the contract. Key considerations for an effective CM procedure will include:

- Pre-award due diligence
- Successful contract implementation & performance
- Maximising value for money
- Monitoring and improvement
- Roles and responsibilities
- Compliance, particularly with the [Health & Safety at Work Act 1974](#)
- Improved savings and benefits



- Supply chain prompt payment
- Continuous improvement and lessons learned
- Sustainable procurement & community benefits
- Exit planning

### **Payment Performance**

NHS Highland operates a No PO No Pay policy, with standard payment terms of 30 days, unless otherwise contracted. Our on-time payment performance for all invoices during 2023/24 was 91% and we will continue to work closely with end users and Finance teams through the P2P Improvement Programme to improve this key performance indicator.

We are committed to ensuring that payments due by our contractors to our sub-contractors are made on time and in line with our own standard payment terms of 30 days.





## 9 SUSTAINABLE & RESPONSIBLE PROCUREMENT

Social and responsible procurement covers a range of initiatives aimed at improving the ability of an organisation to positively impact on society while reducing impact on the environment through changes to procurement policy and practices. Key themes for Social & Responsible Procurement Policies include:

- Impact on society and community involvement
- Equality, diversity and human rights
- Green policies and sustainability
- Ethics and ethical trading.

‘Together We Care’ describes our role as an anchor organisation, working as equal partners within our communities to design and deliver health and care that has a focus on our population and where they live. Procurement is a key supporter of our population health prevention approach through community wealth building and tackling health inequalities throughout our services. We completed a baseline assessment in 2023/24 of our procurement activity in respect of the [Public Health Scotland Anchor Institutions Progression Framework](#) covering:

- how we support community wealth building
- how we increase social value in our procurement processes
- opportunities for local communities derived from our procurement practices
- the emphasis we place on local supply chains

We have committed to focussing on three key priorities in each delivery year of the NHSH Anchors Strategic Plan, further detailed in the Procurement Annual Delivery Plan (Appendix 3), and aligned to the key outcomes set out in the NHS Highland Energy and Sustainability Policy.

As a core member of the NHS Scotland Sustainable Procurement Steering Group, we contribute directly to joint policy development to promote positive outcomes against the three pillars of sustainability – economy, environment and society.

### **Small & Medium Sized Enterprises, Third Sector Bodies and Supported Businesses**

The Procurement Reform Act requires authorities to comply with the Sustainable Procurement Duty where applicable. This includes a requirement to support Small and Medium Enterprise (SME), Third Sector Bodies and Supported Businesses in gaining public contracts. This strategy aims to enhance the ability of such organisations to successfully compete for NHS Highland contracting opportunities. Best practice in respect of earlier and wider market engagement, increased visibility of opportunities via advertising channels and providing signposting and guidance to potential suppliers on our bidding process and procedures will be a key focus of effort. We will further improve awareness via ‘Meet the Buyer’ events and maximise opportunities for suppliers to engage with us at regional and national events and forums.

### **Community Benefits**



The [Sustainable Procurement Duty](#) requires authorities to consider how the procurement process can improve the economic, social, and environmental wellbeing of the authority's area. 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. Suppliers' contractual obligations to deliver sustained Community Benefits throughout the contract life cycle will be monitored through the Contract Management Process and reported through our Annual Procurement Report and Anchors Strategic Plan updates. Our commitment to Community Benefits deliverables extends beyond our Sustainable Procurement Duty obligations, by consideration in contracts at all values, including those where the contract value is lower than the statutory threshold for inclusion.

### **Equality, Diversity and Human Rights**

All procurement activity will take full account of NHS Highland's policies of Equality and Diversity, to ensure goods and services are procured and performed in full compliance with the relevant legislation. Use of the NHS Equality Impact Assessment is embedded in our Contract Strategy documentation, which determines risk levels and appropriate measures to mitigate.

The first Equality, Diversity and Inclusion Workforce Strategy (EDI) for NHS Highland is expected for publication in 2025. The strategy outlines and details the health board's commitment to Equality, Diversity and Inclusion from 2025-2028 and compliments the NHS Highland Equality Outcomes 2025-2029, NHS Highland's Pay Gap Report 2025, Workforce Monitoring Report 2025 and the work outlined within the Employability Strategy 2025-2028 and the Wellbeing Strategy 2025-2028. Procurement is committed to review the new EDI Strategy in the context of Procurement and its activities, and take any necessary actions ensure that everything we do is aligned with the overarching aims of the strategy.

### **Living Wage & Fair Work First**

Our Procurement policy mandates the payment of a Real Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements and those persons involved directly with contract performance. NHS Highland is proud to have been and [Accredited Living Wage Employer](#) since November 2021, having demonstrated our commitment to everyone working at the health board, including regular workers employed through third party suppliers, that they will receive a [real living wage for the real cost of living](#).

### **Sustainability and Net Zero**

The Scottish Government has set targets for NHS Scotland and all public sector to be net zero carbon by 2045, and NHS Highland require their 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.

Procurement will ensure that sustainability related criteria evaluation is included with a minimum 5% quality weighting in all our Regulated contract procurements. Specific requirements will include evidence of sustainability policies and action plans in place throughout supply chains, with targets and monitoring in place for the reduction in Scope 3 emissions.

### **Sustain Supply Chain Code of Conduct**

NHS Highland has committed to carrying out procurement activities in an environmentally, socially, ethically and economically responsible manner and to entering into agreements and contracts with suppliers that share and adhere to our vision. To demonstrate this commitment NHS Highland has adopted the [Sustain Supply Chain Code of Conduct](#), collaboratively developed and reviewed by the members of the Sustain Project, with origins in the Scottish Higher and Further Education sector. The standards in the Code are derived from established global conventions and standards, including the [UN Sustainable Development Goals](#), the [Ethical Trading Initiative Base Code](#) and [International Labour Organization](#) conventions.

To demonstrate this commitment further, current and potential suppliers are asked to commit to responsible and sustainable procurement within their organisations and to acknowledge their compliance with the principles of the Sustain Supply Chain Code of Conduct with respect to their organisation and their supply chain (reference to “Suppliers” in this code means Suppliers and their supply chains).

The Sustain Supply Chain Code of Conduct will sit alongside our existing [terms of business and policies for suppliers](#), and will be a requirement in the tendering and supplier set-up process.



## 10 ORGANISATION, PEOPLE AND SKILLS DEVELOPMENT

### Procurement & Commercial Improvement Programme (PCIP)

From 2009-14, all Scottish public sector organisations were subject to the Procurement Capability Assessment (PCA) programme. This was an annual assessment of the procurement competence and capability of the organisation. In its final PCA assessment in 2014, NHS Highland achieved a 'Superior' performance rating, the highest rating possible.

In 2015, the PCA was replaced by the Procurement and Commercial Improvement Programme (PCIP) assessment. The new assessment reflects changes taking place in procurement in Scotland and aims to drive up procurement performance and to help organisations meet the requirements of the Procurement Reform (Scotland) Act 2014 and changes to EU legislation. In its first PCIP assessment in November 2015, NHS Highland was awarded an A+ rating, the top level of attainment possible under the regime.

The [Procurement & Commercial Improvement Programme \(PCIP\)](#) was refreshed in 2023, introducing the PCIP Pulse Check, offering a new approach focusing on higher level and more strategic evidence based areas.

The NHS Scotland Procurement Services Senior Management Team (PS-SMT) agreed upon a self-assessment model for the 2024 cycle as a strategic and practical response to the resource challenges still faced by Health Boards in the COVID-19 pandemic recovery period. The NHS Highland Procurement & Commercial Improvement Programme (PCIP) Self-Assessment Summary Report is included at Appendix 2.

The period of self-assessments was followed by Centre of Excellence led workshops to consider findings, identify gaps in capacity and skills, and jointly develop improvement initiatives. Working together as one procurement community to develop improvement plans enables a more collaborative, supportive and effective improvement process.

The Procurement Annual Delivery Plan (Appendix 3) is structured to reflect the improvement areas specifically identified in the PCIP Summary Report (Appendix 2) for Procurement at NHS Highland, to demonstrate continuous improvement through 'Developing and Improving' to 'Good and Advanced' commercial capability and organisational maturity.

### Procurement Development Framework

The national [Procurement Development Framework](#) (sometimes called the Procurement Competency Framework) supports staff in identifying development opportunities and career development pathways, and helps to ensure that staff are appropriately trained to a professional standard. The Framework is supported by an online self-assessment tool that can be used to provide individual scorecards and reports for staff to enable conversations during performance review meetings and identify learning needs for Personal Development Plans.

The Procurement Development Framework can be used to self-assess skills, identify training and development needs and help with career planning and personal development.



The framework reflects the Scottish procurement context and aligns to the [Chartered Institute of Procurement and Supply \(CIPS\) global standards](#).

Through the recently launched [NHS Highland Procurement Training Academy](#), all staff can directly access the self-assessment tool in TURAS and will be expected to complete an initial assessment prior to their next annual performance review meeting. Working in partnership with their line manager, and guided by their personal report, Procurement staff will be able to have a supportive conversation and agreed Personal Development Plan, specific to their own needs and ambitions.

### **Procurement ‘Licence to Procure’**

In addition to ensuring that core Procurement staff are appropriately trained and developed, we committed to ensuring that all NHS Highland staff involved in procurement and procurement-related activities are trained and understand their role and responsibilities in all aspects of purchase of Goods, Services and Works on behalf of the board. The NHS Highland Procurement Training Academy will be further developed to include mandatory and supplementary training across a number of role based procurement topics including:

- eProcurement & Systems
  - PECOS for Requisitioners and Approvers
  - PCS and PCS-Tender (supplier selection and evaluation)
  - Contracts Registers and Provalido
- Contracts and Contract Management
  - Specification and Requirements drafting
  - Framework Agreements
  - Quick Quotes and Call-offs
  - Supplier and Contract Management
- Procurement Strategy and Policy
- Procurement and procurement related development
- Counter Fraud
- Knowledge, Information and Data management





## 11 IMPLEMENTATION, MONITORING, REPORTING AND REVIEW

### Implementation timeline

The NHS Highland 'Together we Care' strategy provides a timeline for organisational implementation to 2027. Through 2022-23, we achieved the objectives set out in our interim Procurement Strategy, creating a firm basic foundation on which to build and plan for our future.

Our Procurement Strategy implementation timeline sets out our ambition to meet our strategic aims and objectives, ensuring that best value for money is delivered in line with our key priorities over the next 5 years (2025-2030). It is outcome based, and aligned to the Procurement and Commercial Improvement Programme (PCIP) assessment, to be delivered in stages through our Procurement Annual Delivery Plan (Appendix 3).



### Monitoring, reviewing and reporting

We will monitor and report the successful implementation and delivery of our key priorities and action plan through a number of routes:

- Monthly Procurement and Commercial (P&C) SMT meetings requires individual service leads to present situation reports covering all aspects of performance against operational budgets, savings & benefits (tracked and delivered), department KPIs, service improvement initiatives, projects and achievements, risks and achievements.
- The P&C SMT in turn reports into the monthly Finance Directorate SMT.
- Procurement will introduce a Quarterly Business Report for the Director of Finance, providing an interim update on progress against our strategic priorities and key performance indicators.
- NHS Highland Procurement, through attendance by the Head of Procurement, is represented at the National Procurement Services SMT.
- The NHS Highland Head of Procurement is also the nominated representative for all Northern Regional Health Boards (NHS Grampian, NHS Western Isles, NHS Orkney and NHS Shetland), at the NHS Scotland Procurement Steering Group.
- Procurement is accountable to committees of the board such as the NHS Highland Audit Committee and the Finance, Resources and Performance Committee. In addition to this, our reporting lines also feed into other groups such as the Capital



Asset Management Group and the Executive Directors Group which signs off, for example, our Annual Procurement Report.

- The Scottish Government Procurement Commercial Improvement Programme (PCIP) assessment process was undertaken in 2024 as a self-assessment in collaboration with all other Scottish Health Boards, national and tertiary. The self-assessment summary report, collated by National Procurement, is attached at Appendix 3. Review is ongoing and re-assessment is expected to be every two years, but we will do this annually.

In addition to this strategy, we are also obliged to publish an annual procurement report. The report will provide an update of the progress being delivered against our strategy and will be publicly available to view on the [NHS Highland website](#). In addition to a strategy update the annual report will contain the following information as a minimum:

- A summary of Regulated Procurements completed during the year covered.
- A review of whether those procurements complied with our strategy.
- For any Regulated Procurements did not comply, reasons for this and a statement of how we intend to ensure that future Regulated Procurements do comply.
- A summary of any community benefit requirements imposed and delivered.
- A summary of any steps taken to facilitate the involvement of supported businesses in Regulated Procurements during the year covered by the report.

### Procurement strategic review

The Head of Procurement will review this strategy annually in consultation with the wider Procurement Team and key stakeholders as required. This review will provide an opportunity to realign the strategy with any changes to the health board strategy, our statutory duties or emerging issues and challenges. As a minimum, we will undertake to complete a PCIP pulse check and update report (Appendix 2) and refresh our Annual Delivery Plan (Appendix 3) for the year ahead. Our timetable for review following initial publication of the strategy is as follows:

Review Date	Review Owner	Review Approver	Republish Date
March 2026	Head of Procurement	Deputy Head of Finance	April 2026
March 2027	Head of Procurement	Deputy Head of Finance	April 2027
March 2028	Head of Procurement	Deputy Head of Finance	April 2028
March 2029	Head of Procurement	Deputy Head of Finance	April 2029

The Procurement Strategy will require a full review and update in 2030.



## 12 POLICIES, PROCEDURES, COMPLIANCE AND GOVERNANCE

### Procurement legislation and compliance

Our Procurement processes, policies and procedures are continuously reviewed to ensure compliance with an increasing landscape of legislation, regulations and statutory guidance in the form of Scottish Procurement Policy Notices (SPPNs). Case law in the area of public procurement continues to grow and we will continue to work with colleagues in the National Procurement Centre of Excellence and Central Legal Office as necessary, to ensure that all we do is safe, legal and compliant.

Examples of National Policies, Tools and Legislation can be found by clicking the following links (this is not an exhaustive list):

- The [Procurement Reform \(Scotland\) Act 2014](#)
- The [Public Contracts \(Scotland\) Regulations 2015](#)
- The [Procurement \(Scotland\) Regulations 2016](#)
- The [Concession Contracts \(Scotland\) Regulations 2016](#)
- [Scottish Procurement Policy Notices \(SPPNs\)](#)
- Scottish Government [Outcomes for Procurement](#)
- [The Public Procurement Strategy of Scotland](#)
- **Procurement Journey**
- [PCIP](#)
- [Public Contracts Scotland](#)
- [Sustainable Procurement Duty](#)

### Corporate policy and governance

The [NHS Highland Code of Corporate Governance](#) sets out the responsibilities of the health board including the setting of strategic aims, providing effective leadership, supervising the management of the organisation and reporting to stakeholders on their stewardship. The Code incorporates several documents including:

- Code of Corporate Governance
  - How business is organised
  - Code of Conduct for Board Members
  - Standing Financial Instructions
  - Reservation of Power and Scheme of Delegation
  - Counter Fraud Policy and Action Plan
  - Standards of Business Conduct for Staff
- Register of Interest for Board Members and staff
- Board, Integrated Joint Board & Health and Social Care Partnership Model of Integration
- Board Assurance Framework
- Governance Structure
- Code of Conduct



## 13 APPENDICIES

Appendix 1: Annual Procurement Report (Annex A) 2023/24

Appendix 2: Procurement & Commercial Improvement Programme (PCIP) Self-assessment Summary Report

Appendix 3: Procurement Annual Delivery Plan

Appendix 4: Glossary of Terms

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## Appendix 1: Annual Procurement Report Annex A

<b>1. Organisation and report details</b>	
a) Contracting Authority Name	NHS Highland
b) Period of the annual procurement report	01/04/2023 - 31/03/2024
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes
<b>2. Summary of Regulated Procurements Completed</b>	
a) Total number of regulated contracts awarded within the report period	41
b) Total value of regulated contracts awarded within the report period	£ 118,693,509
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	115
i) how many of these unique suppliers are SMEs	78
ii) how many of these unique suppliers how many are Third sector bodies	47
<b>3. Review of Regulated Procurements Compliance</b>	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	32
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	9
<b>4. Community Benefit Requirements Summary</b>	
<b>Use of Community Benefit Requirements in Procurement:</b>	
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.	0
c) Total number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements	19
<b>Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:</b>	
d) Number of Jobs Filled by Priority Groups (Each contracting authority sets its own priority groups)	not recorded
e) Number of Apprenticeships Filled by Priority Groups	not recorded
f) Number of Work Placements for Priority Groups	not recorded
g) Number of Qualifications Achieved Through Training by Priority Groups	not recorded
h) Total Value of contracts sub-contracted to SMEs	not recorded
i) Total Value of contracts sub-contracted to Social Enterprises	not recorded
j) Total Value of contracts sub-contracted to Supported Businesses	not recorded
k) Other community benefit(s) fulfilled	see narrative
<b>5. Fair Work and the real Living Wage</b>	
a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	19
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.	Not recorded
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	20
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	n/a
<b>6. Payment performance</b>	
a) Number of valid invoices received during the reporting period.	196,399
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	91.00%
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
<b>7. Supported Businesses Summary</b>	
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:	£ 856,319
i) spend within the reporting year on regulated contracts	£ 813,198
ii) spend within the reporting year on non-regulated contracts	£ 43,121
<b>8. Spend and Savings Summary</b>	
a) Total procurement spend for the period covered by the annual procurement report.	£ 300,597,014
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£ 160,969,701
c) Total procurement spend with Third sector bodies during the period covered by the report.	£ 46,075,585
d) Percentage of total procurement spend through collaborative contracts.	8.74%
e) Total targeted cash savings for the period covered by the annual procurement report	£ -
i) targeted cash savings for Cat A contracts	£ -
ii) targeted cash savings for Cat B contracts	£ -
iii) targeted cash savings for Cat C contracts	£ -
f) Total delivered cash savings for the period covered by the annual procurement report	£ 1,061,354
i) delivered cash savings for Cat A contracts	£ -
ii) delivered cash savings for Cat B contracts	£ 740,191
iii) delivered cash savings for Cat C contracts	£ 321,163
g) Total non-cash savings value for the period covered by the annual procurement report	£ 283,177
<b>9. Future regulated procurements</b>	
a) Total number of regulated procurements expected to commence in the next two financial years	33
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£ 95,533,800





## Appendix 2: Procurement & Commercial Improvement Programme (PCIP) Self-Assessment Summary Report

The 2024 PCIP self-assessment was made up of Mandatory questions (1.1 – 3.3) where responses are required from all Scottish public sector organisations, and a set of Optional questions (4.1 – 4.9) that organisations can select to provide a more complete practice assessment. NHS Highland answered and provided evidence against all Mandatory and Optional question sets for this cycle.

Question	Question Guidance	Advanced	Good	Improving	Developing
(1.1) Procurement Influence	<ul style="list-style-type: none"> <li>What level of influence does the procurement function have over routine and major procurement activity?</li> <li>What does the procurement function deliver to the organisation</li> </ul>				
(1.2) Procurement Strategy	<ul style="list-style-type: none"> <li>In what ways is the organisation's procurement strategy linked to the organisation's corporate strategy?</li> <li>Where applicable is this procurement strategy delivering the sector's strategic objectives?</li> </ul>				
(1.3) Learning & Skills: Capability	<ul style="list-style-type: none"> <li>What does the organisation do to develop existing procurement individuals and future talent?</li> </ul>				
(1.4) Risk Management	<ul style="list-style-type: none"> <li>What is the organisation's approach to managing risk and contingency planning within procurement activity?</li> </ul>				
(1.5) Commercial Awareness & Acumen	<ul style="list-style-type: none"> <li>What does the organisation do to promote commercial competence and ensure it is embedded within its organisation and culture?</li> </ul>				
(1.6) Continuous Improvement of Procurement Activity	<ul style="list-style-type: none"> <li>What does the organisation do to drive continuous improvement in its procurement activity?</li> </ul>				
(1.7) Climate Change	<ul style="list-style-type: none"> <li>Does the organisation embed climate and circular economy considerations into the corporate procurement strategy and delivery?</li> <li>Does the Senior Management actively measure and recognise the positive environmental impact that procurement can make in a planned, organisational approach?</li> <li>Are progress and achievements included in the organisation's annual procurement reports?</li> </ul>				
(2.1) Implementation & Exit Strategies, Life Cycle Planning	<ul style="list-style-type: none"> <li>How does the organisation use implementation plans and exit strategies efficiently?</li> </ul>				



(3.1) Contract & Supplier Management	<ul style="list-style-type: none"> <li>• What does the organisation do to manage contracts and suppliers?</li> </ul>				
(3.2) Contractual Obligations & Additional Benefits	<ul style="list-style-type: none"> <li>• What does the organisation do to work with suppliers throughout the life of a contract?</li> <li>• How do these activities: - ensure contractual obligations are met? -identify and deliver additional benefits to both parties?</li> </ul>				
(3.3) Lessons Learned	<ul style="list-style-type: none"> <li>• What benefits have been delivered through reviewing lessons learned from procurement exercises?</li> </ul>				
(4.1) Procurement Representation	<ul style="list-style-type: none"> <li>• What is the procurement representation across the organisation?</li> </ul>				
(4.2) Fraud Awareness & Prevention	<ul style="list-style-type: none"> <li>• What steps has the organisation taken to counteract fraud?</li> </ul>				
(4.3) Spend Analysis	<ul style="list-style-type: none"> <li>• What does procurement do to understand organisational spend and spend profile to drive best value and collaboration?</li> </ul>				
(4.4) Strategy Development	<ul style="list-style-type: none"> <li>• In what ways are procurement commodity strategies developed using best practice?</li> <li>• How do these procurement commodity strategies deliver benefits and strategic objectives?</li> </ul>				
(4.5) Specification	<ul style="list-style-type: none"> <li>• How are mini competition and Cat C procurement exercises developed to maximise organisation and customer value?</li> </ul>				
(4.6) Demand Management	<ul style="list-style-type: none"> <li>• What benefits have been delivered through demand management to ensure supply chain efficiencies and effectiveness, and to reduce emissions?</li> </ul>				
(4.7) Goods Receipt and Payment Process	<ul style="list-style-type: none"> <li>• What is the organisation's goods/ services/minor works receipt process?</li> <li>• How are payments authorised to meet payment targets and increase efficiencies?</li> </ul>				
(4.8) Stock Management	<ul style="list-style-type: none"> <li>• What logistics and stock management processes are used by the organisation to meet its business needs and objectives?</li> </ul>				
(4.9) Procurement Process Automation	<ul style="list-style-type: none"> <li>• Has the organisation assessed its: - procurement processes for automation - information requirements?</li> <li>• Has an ICT strategy been created to meet these requirements?</li> <li>• What implementation stage is the ICT strategy at?</li> </ul>				



### Appendix 3: Procurement Annual Delivery Plan 2025-26

The Procurement Annual Delivery Plan is structured to reflect the improvement areas specifically identified in the PCIP Summary Report at Appendix 2 for Procurement at NHS Highland (Mandatory Questions only). Each Practice Indicator is also linked by reference to at least one of the Procurement Key Priorities identified in Section 4 of the Procurement Strategy. We will introduce actions for improvement in Optional practice assessments areas for future delivery plan years.

1 Leadership & Governance	Good Practice Indicators	Action	2025/26 Success measure
<b>1.1 Procurement Influence</b>  The organisation is monitoring and managing compliance with policies and procedures.  Procurement has a high degree of influence over non-pay spend.  <b>1.2 Procurement Strategy</b>  Procurement strategic objectives are being achieved with measurable benefits linked to the organisation's strategic goals.  <b>Key Priorities:</b>  1.1, 1.2, 1.3, 1.4  2.1, 2.2, 2.3  3.1, 3.3  4.2, 4.3, 4.4  5.2, 5.4	Procurement set all sourcing policies and procedures.  Procurement procedures and national policy are being adhered to.  All influenceable spend has had Procurement input helping to deliver sustainable and wider socio-economic outcomes.  Procurement is involved in decision making before the sourcing process is initiated.  Procurement strategy reflects the sector environment and sets out how they contribute to delivery of organisation objectives and national ambitions.  Procurement strategy aligned to sector strategic objectives. Demonstrating compliance using sustainable procurement SPPNs and the sustainable procurement tools.  Focus on local priorities in a relevant and proportionate way with an audit trail of how successes are captured and challenges addressed.	<ul style="list-style-type: none"> <li>- Deliver Procurement Consolidation Workstream outcomes through Value and Efficiency Group.</li> <li>- Develop and implement Business Partnering approach to key Category Spend areas (eHealth/Estates) with regular attendance at department SMTs.</li> <li>- Develop and implement Procurement Strategy 2025-30 communication plan</li> <li>- Procurement Annual Delivery Plan revised each year</li> <li>- Develop KPI dashboards to monitor and measure performance of Procurement Function, aligned to each strategic objective and key priority.</li> <li>- Procurement Quarterly Business Report to Director of Finance.</li> </ul>	Regulated (Cat C) spend has sourcing strategy in place and specification development is conducted with procurement team support and influence.  Target: >80% (by value)
			Regulated (Cat C) spend sourcing strategies include Climate Change considerations with the Sustainable Procurement tool applied throughout the lifecycle of the contract.  Target: >50% (by value)
			Reduction in non-compliant and retrospective single source/Tender Waiver Requests for Regulated (Cat C) spend.  Target: >80% (by value and volume)
			Procurement strategic objectives are being achieved with measurable benefits linked to the organisation's strategic goals.  Target: >80% achieved objectives
			Management of objectives is overseen at the appropriate organisational SMT level, with KPI reporting submitted to the organisation's Board.  Target: 100% on-time reporting and review



1 Leadership & Governance	Good Practice Indicators	Action	2025/26 Success measure
<b>1.3 Learning &amp; Skills: Capability</b> Organisation works across public sector to develop pool of professional talent, collaborating with others and supporting the National strategy.  <b>Key Priorities:</b> 5.1, 5.2, 5.3, 5.4	Procurement function has plans in place for attraction and retention of talent.  Formal routes for professional development for existing staff.  Procurement team is fully resourced with capable and competent individuals, providing a sustainable function with the skills to deliver on our objectives.  Evidence of working beyond our own organisation to develop pool of professional talent, collaborating with others and supporting the National Strategy.	<ul style="list-style-type: none"> <li>- Utilise <a href="#">Procurement Development Framework (PDF)</a> to identify the current skills level of all Procurement Staff.</li> <li>- Progress work with Finance initiative groups for Personal Development and Talent &amp; Attraction.</li> <li>- Review and implement procurement career progression matrix.</li> <li>- Identify further opportunities for apprenticeships and paid work placements.</li> <li>- Implement Northern Boards Procurement Network (Highland, Grampian, Orkney, Shetland, Western Isles).</li> </ul>	Annual and half-yearly review meetings for all Procurement Staff. Target: 100%
			Self-assessment completed using the PDF and Personal Development Plans in place for all Procurement Staff. Target: 100%
			All staff can evidence a minimum 30 hours protected learning time each year. Target: 100%
<b>1.4 Risk Management</b> There is robust management and mitigation of procurement risks across the organisation.  <b>Key Priorities:</b> 1.2, 1.4  3.2  4.4	Organisation understands how procurement risks affect the organisation and how they are managed/mitigated.  Contingency plans in place at department, contract and supplier level for all identified risks.  Risk Assessment of procurement activity includes a process and mitigation plan to address: <ul style="list-style-type: none"> <li>● Fraud;</li> <li>● Serious Organised Crime;</li> <li>● Supply Base;</li> <li>● Supplier Vulnerabilities;</li> <li>● Supply Chain; and</li> <li>● Damage to organisations reputation e.g. by unethical behaviours/sourcing.</li> </ul>	<ul style="list-style-type: none"> <li>- Review and update corporate level risk register.</li> <li>- Develop Procurement operational risk register with clear responsibilities.</li> <li>- Appoint Risk Champion for Procurement and develop Business Continuity Plan.</li> <li>- Risk Assessments included in all Category/Commodity Strategies and Contract Management Plans.</li> </ul>	Corporate level risk register is up to date in DATIX with Quarterly review place. Target: 100% compliance
			Operational Procurement risk register in place and managed. Target: 100% compliance
			Business Continuity Plan in place with annual review. Target: 100% compliance
			Evidence that risk mitigation plans are shared and built into Regulated (Cat C) Procurement processes. Target: 20% reduction in risk scores



1 Leadership & Governance	Good Practice Indicators	Action	2025/26 Success measure
<p><b>1.5 Commercial Awareness &amp; Acumen</b></p> <p>Commercial decisions include an understanding of the challenges facing the wider public sector and are delivering benefits which contribute to wider national and sector objectives.</p> <p><b>1.6 Continuous Improvement</b></p> <p>Best practice and improvements are recognised externally to the organisation.</p> <p>The organisation actively facilitates and promotes improved procurement performance across other organisations.</p> <p><b>Key Priorities:</b></p> <p>1.1, 1.2, 1.3, 1.4</p> <p>2.1, 2.2, 2.3, 2.4</p> <p>3.1, 3.2, 3.3, 3.4</p> <p>4.1, 4.2, 4.3, 4.4</p> <p>5.1, 5.2, 5.3, 5.4</p>	<p>Direction of travel for procurement is more focussed on commercial acumen; judgement and negotiation skills - Thinking commercially and spending wisely on behalf of the Health Board.</p> <p>Strategic and Operational decisions are based on:</p> <ul style="list-style-type: none"> <li>● Good understanding of sector performance and drivers.</li> <li>● Understanding of key issues and priorities for the wider public sector.</li> <li>● Understanding of key strategies of sector and organisation.</li> <li>● Regular monitoring of spend and other benefits which contribute towards National Performance Framework.</li> </ul> <p>A commercial culture is embedded in the organisation, which includes: consideration of utilising assets, income generation and maximisation of opportunities that benefit both internal and external stakeholders (including suppliers).</p> <p>Procurement performance from source to pay is measured and where possible benchmarked against similar organisations or on a national level.</p> <p>Suppliers and/or business partners help identify key areas for supply chain improvement and innovation.</p> <p>The organisation demonstrates evidence of actively facilitating and promoting improved procurement performance across other organisations, working collaboratively with peer organisations and Centre of Excellence to produce best practice tools and guidance where appropriate.</p> <p>A formal continuous improvement group is in place which includes senior management representation. The group meet regularly, to review on-going initiatives as well as new suggestions.</p>	<p>- <b>Launch Procurement Training Academy including mandatory procurement and commercial awareness training for all staff with purchasing and/or budgetary responsibility.</b></p> <p>- <b>Develop Contract and Commodity strategy templates to facilitate commercial discussion between stakeholders, budget holders and Procurement at Business Case stage.</b></p> <p>- <b>Include collaborative/innovative procurement route options in all contract strategies including: Dynamic Purchasing Systems, Flexible Frameworks and cross-sector regional tendering opportunities.</b></p> <p>- <b>Collaborate in the development and implementation of Commercial Improvement Taskforce (CITF) opportunities as appropriate.</b></p> <p>- <b>Engage, develop and deliver collaborative sector-wide PCIP Action Plan.</b></p> <p>- <b>Identify new and develop/deliver all current and Service Improvement Programme projects for 2025/26</b></p> <p>- <b>Appoint 'champions' from wider Procurement Team to represent NHS Highland at all key health board and sector steering groups.</b></p>	<p>Mandatory Procurement Training Academy Modules complete for staff with devolved and/or delegated procurement responsibility. Target: &gt;50%</p> <p>Regulated (Cat C) Contract Strategies include clear Savings and Benefits targets. Target: &gt;50%</p> <p>Regulated (Cat C) Contract Reports include secured Savings and Benefits breakdown and post-tender negotiation plan. Target: &gt;50%</p> <p>Regulated (Cat C) Contract Management plans include Savings and Benefits monitoring KPIs Target: &gt;50%</p> <p>Review of CITF buyers guides. Target: &gt;80%</p> <p>Evidence of facilitating and promoting improved performance across sector, working collaboratively with peer organisations and Centre of Excellence.</p> <p>Service Improvement Programme target savings and benefits achieved and reported to Value and Efficiency Group.</p> <p>PCIP target practice levels achieved by 2026 self-assessment pulse check.</p> <p>Annual Procurement Report Annex A performance benchmarked at national level.</p>





1 Leadership & Governance	Good Practice Indicators	Action	2025/26 Success measure
<b>1.7 Climate Change</b> <b>Key Priorities:</b> 1.1, 1.4 2.1, 2.2, 2.3, 2.4 3.2, 3.3 4.4	An action plan has been put in place in relation to the above and improvements delivered and evidenced.  Procurement approach to sourcing includes Climate Change considerations, using the Sustainable Procurement tools throughout the life cycle of contracts.	<b>- Review and fully implement the Sustainability Prioritisation Tool.</b>  <b>- Review and embed the sustainability test and lifecycle mapping tools in the development of new contracts.</b>  <b>- Climate change and circular economy case studies to be included in Annual Procurement Report.</b>	Sustainable Prioritisation Tool output included in Category Management Plans for key strategic spend areas (eHealth/Estates) Target: Minimum of 2 plans in place
			Evidence of outcomes published in Annual Procurement Report. Target: Minimum of 3 case studies
			Minimum 5% weighting for sustainability criteria for all Regulated (Cat C) procurements. Target: >80%
2 Development & Tendering	Good Practice Indicators	Action	2025/26 Success measure
<b>2.1 Implementation &amp; Exit Strategies, Life Cycle Planning</b>  Organisation learns from previous procurement exercises and shares them with peers.  <b>Key Priorities:</b> 1.1, 1.2, 1.3, 1.4 2.1, 2.2 3.1, 3.3 4.4	New contracts will be successfully implemented and drive maximum benefits through timely implementation and high uptake.  Consideration given to the end of an agreement to limit disruption and reduce cost to change for; <ul style="list-style-type: none"> <li>● breach of contract,</li> <li>● incumbent successful,</li> <li>● incumbent unsuccessful.</li> </ul> Contract life cycles managed through proactive work planning process.	<b>- Develop detailed implementation plan and exit strategy templates in all commodity strategies at pre-tender stage.</b>  <b>- Develop process to 'trigger' when an exit strategy should be initiated.</b>  <b>- Review Contract implementation planning templates to cover stakeholder communications, process change, training and contingency plans.</b>	Implementation plans and exit strategies in place for Regulated (Cat C) high value requirements at pre-tender stage. Target: >50%
			Evidence that implementation plan and exit strategy milestones are measured and tracked. Target: >50%
			Reduced instances of excessive contract extensions beyond maximum contract durations. Target: <25%
			Contract implementation target dates met for all Cat A/B collaborative contracts. Target: >50%



3 Contracts	Good Practice Indicators	Action	2025/26 Success measure
<p><b>3.1 Contract &amp; Supplier Management</b></p> <p>Contract and supplier management (CSM) process is consistently applied across all high value, high risk, and business critical contracts.</p> <p><b>3.2 Contractual Obligations &amp; Additional Benefits</b></p> <p>Contract performance is consistently measured and compared</p> <p><b>3.3 Lessons Learned</b></p> <p>Lessons learned process developed and is delivering benefits.</p> <p><b>Key Priorities:</b></p> <p>1.1, 1.2, 1.3, 1.4</p> <p>2.1, 2.2, 2.3, 2.4</p> <p>3.1, 3.2, 3.3, 3.4</p> <p>4.1, 4.2, 4.3, 4.4</p> <p>5.1, 5.3</p>	<p>Can demonstrate an understanding of who your key suppliers are - how suppliers should be managed - the benefits from contract and supplier management.</p> <p>Evidence of Contract and Supplier Management being used to drive compliance with Ts &amp; Cs and delivery of targeted outcomes – i.e. prompt payment through the supply chain; community benefits; etc.</p> <p>The processes for supplier failure and dispute resolution is widely communicated and in place.</p> <p>Processes and measures are in place to ensure suppliers meet the terms set out in contracts, including additional value and benefits commitments.</p> <p>Post project reviews are conducted within the organisation and lessons learned documented for medium / low risk value where appropriate.</p> <p>Documented procedure exists for the process of undertaking lessons learned. Communication with stakeholders / project team is considered critical; this can be via any suitable route not limited to a hardcopy form.</p> <p>Some independent post project reviews can be evidenced for some high value, high risk procurement exercises.</p> <p>Procurement Team consistently review lessons from earlier projects and adopt revised practices.</p>	<ul style="list-style-type: none"> <li>- Complete segmentation of suppliers/contracts by category, using risk and spend analysis tools (Kraljic) to identify Strategic Critical relationships.</li> <li>- Develop and implement new Contract and Supplier Management process.</li> <li>- Develop CSM training module for all non-Procurement staff with Contract Management responsibility.</li> <li>- Develop contract and supplier monitoring and escalation process for procurement and non-procurement contract owners.</li> <li>- Agree standardised process for regular review meetings and reporting requirements between Procurement, end users and suppliers.</li> <li>- Document procedure for undertaking lessons learned, including communication with stakeholders, suppliers and project teams.</li> </ul>	Strategic Critical suppliers/contracts identified for CSM, with managed plans in place.
			Target: Top 10% have plans in place
			CSM Procurement Training Academy Modules complete for staff with devolved and/or delegated procurement responsibility.
			Target: >50%
			Balanced Scorecards used to monitor Strategic Critical suppliers/contract performance, with annual reviews.
			Target: >50% have scorecards in place
			Contract Review schedules in place for all Regulated (Cat C) contracts, with documented responsibilities, KPI and SLA Monitoring.
			Target: >50%
			Post-contract monitoring and actualisation of Savings & Benefits Plans for Regulated (Cat C) contracts and Implementations (Cat B).
			Target: £1.5m per annum
			Annual Procurement Report Annex A performance benchmarked at national level for Prompt Payment and Community Benefits KPIs
			Lessons learned documented and shared with stakeholder groups for Regulated (Cat C) contract awards.
			Target: >50%
			Lessons learned sessions in place for all Strategic Procurement staff with actions agreed and recorded in central Lessons Learned Register.
			Target: Monthly meeting



## Appendix 4: Glossary of Procurement Terms

Term	Description
Aggregation	If a purchaser raises multiple orders or enters into multiple contracts to fulfil a single requirement, the value of those orders/contracts should be purchased together to decide whether the purchase value is above the threshold
Anchor Organisation	Large organisations whose long-term sustainability is tied to the wellbeing of the populations they serve
Artificial Intelligence (AI)	The capability of digital systems to perform intelligent human tasks such as learning, problem solving and decision making
Balanced Scorecard	A tool used to monitor and measure contract and supplier performance
Business Partnering	Development of successful, long term strategic relationships between internal stakeholders and the Procurement function
Call Off	Contracts put in place by the Health Board using a Framework Agreement or Dynamic Purchase System
Cat A/B/C Contract	Cat A – National contracts used by all public sector organisations Cat B – Sector specific contracts used by all Health Boards Cat C – Local contracts placed on behalf of a single Health Board Cat C1 – Local contracts placed jointly by two or more Health Boards
Category	A collection of commodities or services sourced from the same or similar supply base
Category Management	When purchasers segment spend into areas which contain similar or related products, allowing more focus on opportunities for consolidation and efficiencies
<a href="#">CIPS</a>	The Chartered Institute of Procurement and Supply
Circular Economy	Where resources are kept in use for as long as possible with the maximum value extracted and products/materials are recovered and regenerated at the end of a product's viable life cycle
Collaboration	When two or more groups of people or organisations engage in procurement work together for mutual benefit
Contract Strategy	A document created to detail and plan for a particular Procurement Exercise
Commissioning	Continual process of planning, agreeing, procuring and monitoring services.
Community Benefits	Contractual requirements for suppliers to contribute towards improving the economic, social or environmental wellbeing of the Health Board area
Community Wealth Building	A practical place based approach to economic development
<a href="#">Contract Notice</a>	A publication which advertises a procurement requirement
<a href="#">Contract Register</a>	A published list of contracts put in place by a public sector organisation based in Scotland

Term	Description
Contract Value	This is a genuine pre-estimate of the value of a contract over the whole period including extensions
Core Trade Spend	Trade Suppliers and Social Care Providers with whom we have spent £1,000 or more in the financial year
Corporate Social Responsibility	The idea that a company should be interested in and willing to help society and the environment as well as be concerned about the products and profits it makes
<a href="#">Dynamic Purching System (DPS)</a>	An electronic procurement process, where the Contract Notice remains open and new suppliers can join at any time.
<a href="#">eProcurement</a>	Software systems and solutions used to manage procurement activities
<a href="#">GPA Thresholds</a>	The rules by which a public sector buyer runs their procurement exercise (including the procurement process used) is in part dictated by the thresholds that the WTO update every 2 years in January
<a href="#">Fair Work Practices</a>	Employment practices that support wellbeing e.g. training and development, equality of opportunity
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
<a href="#">Framework Agreement</a>	An agreement or other arrangement which establishes the terms under which an Authority will enter into a contract(s) with a supplier(s) over a given period of time
Government Procurement Agreement (GPA)	A World Trade Organisation (WTO) agreement which aims to mutually recognise open government procurement amongst its members
Health Inequalities	Differences in people's health outcomes across the population and between specific population groups
Just Transition	A fairer, greener future for all – and the process that must be undertaken in partnership with those impacted by the transition to net zero.
Key Performance Indicators (KPIs)	Measures put in place as part of the contract to evaluate how effective the contract is.
<a href="#">Real Living Wage</a>	This is a voluntary rate calculated annually, according to the cost of living and based on a basket of household goods and services.
Life Cycle Costing	How much money will be spent on an asset over the duration of its life?
Local Spend	Spend with suppliers within the same local authority area as your organisation (based on Postcodes).
<a href="#">Net Zero</a>	Achieving a balance between the carbon emitted into the atmosphere and the carbon removed from it.



Term	Description
Non-Pay Spend	This covers all third party expenditure including all clinical and non-clinical supplies and services, pharmaceuticals, capital expenditure, infrastructure works and maintenance, utilities, rent and rates, purchased healthcare from independent sector providers, and professional services. It excludes directly employed workers and associated statutory and administrations costs
Non Regulated Procurement	A procurement whose value is less than £50,000 excluding VAT for goods and/or services for the full life of the contract
Procurement Capability Improvement Programme (PCIP)	Drives procurement performance by assessing public sector organisations and identifying areas for continuous improvement
<a href="#">Prior Information Notice (PIN)</a>	A method of giving advanced notice of future planned procurement exercises
Procurement Procedure	For above threshold contracts, buyers must choose to tender using six main procurement procedures. Some buyers may choose to follow one of these procedures for below threshold contracts.
Procure-to-Pay (P2P)	Process of integrating purchasing and accounts payable systems to create greater efficiencies
<a href="#">Public Contracts Scotland (PCS)</a>	The national portal used by the Scottish public sector to advertise all regulated procurement opportunities and contract awards
Regulated Procurement	A procurement whose value is greater than £50,000 excluding VAT for goods and/or services for the full life of the contract
Reserved Contract	A contract which can only be supplied by a Supported Business or Businesses
<a href="#">Risk Management</a>	Activities undertaken to identify, analyse and accept or mitigate risk.
Scope 3 Emissions	Indirect emissions that occur in the upstream and downstream activities of an organisation and its supply chain
<a href="#">Scotland Innovates</a>	National online portal that allows businesses and members of the public to submit innovative solutions to the public sector
Small Medium Enterprise (SME)	Businesses which employ fewer than 250 persons
<a href="#">Specification</a>	How a buyer details what is required for the procurement of the goods or services being purchased.
Spend Analysis	Evaluating spend to identify areas for contract change and improvement e.g. high cost areas, trends, categorisation.
Stakeholder	Any person or group who has a vested interest in a procurement activity.

Term	Description
<a href="#">Statutory Guidance</a>	Published document which supports the application of procurement legislation in Scotland.
Supply Chain	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.
Supply Chain Management	The coordinated set of techniques to plan and execute all steps used to acquire raw materials from suppliers, transform them into finished goods, and deliver both goods and services to customers. It includes chain-wide information sharing, planning, resources and performance measurements.
Supported Business	An organisation whose main aim is the social and professional integration of disabled and disadvantaged workers and where at least 30% of their workforce are classed as disabled or disadvantaged.
Tender Waiver	Non-competitive action. Procurement used in very exceptional circumstances when normal procurement rules cannot be followed.
Total Cost of Ownership (TCO)	The purchase price and operating costs of an asset.
Third Sector Organisation	Charities, social enterprises and community groups that deliver essential services, helping to improve people's wellbeing and contributes to economic growth
Threshold	Values set by GPA that apply to public procurement exercises as set out in Public Contracts Scotland Regulations (2015).
User Intelligence Group (UIG)	Group of stakeholders who are responsible for developing the specification and providing feedback throughout the procurement process.
Value for Money (VFM)	An economic assessment as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service.
vCode	A three tier supplier classification taxonomy used in the Scottish public sector for spend analysis by Business Sector, Business Subsector and Vendor Category
Whole Life Costing (WLC)	The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.
<a href="#">World Trade Organisation (WTO)</a>	A global organisation of 166 member countries who deals with the global rules of trade between nations