



**NHS Highland  
Procurement Strategy  
2022-23**

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## Introduction

Recognising that effective and efficient procurement will positively support NHS Highland in achieving its priorities, this interim Procurement strategy provides a corporate vision, direction and focus for procurement services for the year ahead, as NHS Highland moves out of the pandemic and is seeking to remobilise, recover and redesign our services.

This strategy is written in line with the 'Remobilise, Recover , Redesign' NHS Highland Strategic Direction plan for 2021-2022 which allows us to maintain a strategic focus for Procurement in the short term whilst the longer term 'Together We Care' board strategy is being developed. It is also recognised that following the UK exit from the EU that public procurement in Scotland, and across the UK, is in a state of transition, with governments in both Holyrood and Westminster redesigning the regulatory environment for public sector procurement in the years ahead.

To maintain a sense of continuity in an evolving environment, this interim strategy has also been developed in line with the NHS Scotland Procurement Strategy 2021-2026 and the Procurement Reform (Scotland) Act 2014 and its accompanying public procurement regulations. This interim strategy also aims to reflect alignment to newer regulations and policy priorities such as the development of more sustainable procurement (following the declaration of a Climate Emergency by the Scottish Government) and moves to use the power of procurement to support growth of the local economy and the Highland region as a whole.

The development of a procurement strategy on an interim basis for 2022/23 means that we can develop our longer term strategy from 2023 onwards in a way that closely aligns with the future strategic and operational plans being developed by the NHS Highland Board. We will be responsive to emerging themes and priorities of the board and will fully engage in supporting the development of the strategic plan.

Finally, this strategy has to be cognisant of changes in the global economy and the impact that these will have on our business. Post-COVID supply chains are more volatile than they have been for decades and instability in commodity and manufacturing markets continues, particularly in areas such as semiconductors, food production and construction. Extreme pressures in world energy markets now are significantly exacerbated following the Russian invasion of Ukraine. Post-Brexit trading is still in a period of flux and the UK finds itself faced with rising rates of inflation and interest rates and consequently rising costs for the goods and services that we all buy.

## Executive Summary

During the period of this interim strategy and beyond, the procurement service will have a critical part to play in supporting the board to emerge from the pandemic and to remobilise, recover and redesign its services. We will continue to focus our priorities on supporting recovery activities and supporting services across NHS Highland in delivering the best of care to all of its patients. We will demonstrate this through the development and delivery of a comprehensive action plan (appendix 1) which demonstrates the alignment of this strategy with the NHS Scotland and NHS National Services Scotland (NSS) remobilisation priorities;

- Living with COVID-19
- Delivering essential services
- Longer term priorities

### Living with COVID-19



The key 'Living with Covid' activities that Procurement is currently supporting and will continue to prioritise include:

- UK Government Testing Programme
- National Contact Tracing Centre
- COVID-19 Vaccination Programme
- National Infection Prevention Control and COVID-19 PPE Supply
- Critical Care Treatment Capacity

### Delivering essential services



Next Generation Procurement is about our ability to develop and create the next generation of procurement strategies, technologies and skills to support services respond to the post Covid-19 landscape and continue to help deliver a sustainable health service.

Deliver year on year impact to NHS Highland's bottom line.

### Longer term priorities



The climate change emergency is a Scottish Government national priority, recovery from the Covid-19 Pandemic is an opportunity to accelerate our response to this forming a green recovery. Public Procurement organisations are required by law to demonstrate what they are doing to mitigate supply chain emissions.

We will facilitate engagement and delivery of community benefits from Local and National Procurement suppliers and develop the necessary systems and processes in conjunction with procurement teams across NHS Scotland to ensure local benefits from our activity.

This careful approach to these priorities will allow us to maintain our response to the elements of the pandemic that are ongoing, whilst transitioning our strategic focus and activity back to both our core business and remobilisation priorities. This approach also provides us with the flexibility to change and develop our services in light of the wider economic and market changes we are experiencing more and more as the norm as the supply landscape around us changes and evolves.

In order to support steps already underway to deliver better healthcare, it is vital for NHS Highland that the products and services we procure are of good quality and best value, and fit for purpose at point of delivery. NHS Highland has approx. £160 million of non-pay expenditure per annum.

This interim strategy sets out how NHS Highland will ensure that procurement will:

- Deliver value for money in a challenging market environment and supporting the work of the board's Financial Recovery Board programme.
- Ensure that our procurement spending supports both the economic and environmental sustainability agenda.
- Contribute to the delivery and achievement of the boards 'Together We Care Strategic Imperatives'.
- Deliver and embed community benefits contributing towards reducing health inequalities within the region and driving economic growth.
- Embrace emerging technologies and digital solutions to create efficiencies and position us for future opportunities and initiatives
- Develop and coach our staff to deliver the best Procurement solutions by providing opportunities for their growth within the department
- Use our data and MI to identify opportunities for savings and efficiencies that previously had gone unchecked.
- Carry out all of the above in compliance with our duties under section 8 of the Procurement Reform (Scotland) Act 2014.

## Purpose, Vision and Mission

### PURPOSE

“We believe in the power of procurement to positively impact the outcomes for our patients and to build economic prosperity and resilience across the Highlands.”

### VISION

“We will ensure that we provide an excellent level of service to all of our customers, ensuring they have access to the goods and services they require to do their jobs efficiently and effectively. We will be a force for good, developing impactful and ethical relationships that deliver quality, value and sustainability across all of our supply chains.”

### MISSION

“Our mission is to work with colleagues to improve the quality of care to every person, every day through the delivery of best practice and value for money procurement of goods and services.”

## Strategic Aims and Objectives

This strategy recognises that our activities have an effect on the society in which we work, and that developments in society affect our ability to work successfully. This interim procurement strategy is committed to achieving environmental, social and economic aims that tackle these effects and will work with key stakeholders to ensure that everything we do is sustainable and supports growth.

To meaningfully play our part in assisting NHS Highland to meet its corporate aims and objectives, procurement will ensure that we demonstrate consistency to the five ‘Together We Care Strategic Imperatives.’ These imperatives, below, have been adopted by the board and underpin the development of our ‘Together We Care’ strategy work which is currently underway and will lead to a new organisational strategy for 2022-27.








The role and scope for procurement to support these fifteen imperatives will vary, but we are clear that in the delivery of the above, procurement has a part to play in each and every one. We will work as a proactive partner with colleagues across the board to do all that we can to make these happen and to support the new organisational strategy upon its completion.

## Key Priorities

NHS Highland, in line with all public sector bodies faces significant economic and financial challenges in the year ahead; balancing our budget and ensuring that procurement can support all of the wider aims of the organisation will require innovation and creativity in how we meet our priorities.

This interim strategy aims to deliver the following benefits across the board during the period of 2022–23:

<p><b>Population</b></p> 	<ul style="list-style-type: none"> <li>▪ We deliver services that stimulates equality and economic growth</li> <li>▪ Patient impact is a key factor in our decision making and at the heart of all that we do</li> <li>▪ Develop and embed an approach to deliver Community Benefits, Sustainability and Fair Work Practices within our supply chain</li> </ul>
<p><b>People</b></p> 	<ul style="list-style-type: none"> <li>▪ Development of a comprehensive development and training plan for all staff</li> <li>▪ Imbedding a culture of trust and integrity where all people feel valued and safe</li> <li>▪ We focus on our peoples health and wellbeing</li> </ul>
<p><b>Pathways</b></p> 	<ul style="list-style-type: none"> <li>▪ Ensure continuity of supply to our customers, providing a robust Business partnering model</li> <li>▪ Work with national colleagues and partners to align working practices, adopt best practice creating service resilience</li> <li>▪ Work to influence national strategic procurement decisions</li> </ul>
<p><b>Performance</b></p> 	<ul style="list-style-type: none"> <li>▪ Development of cost improvement plan (CIP) working with operational services</li> <li>▪ To ensure highest levels of transparency and controls for the use of the public funds, delivered in a safe and legally compliant manner</li> <li>▪ Development of a robust contract and supplier management (CSM) approach</li> </ul>
<p><b>Progress</b></p> 	<ul style="list-style-type: none"> <li>▪ Address climate emergency by embedding sustainable processes into all procurement activity</li> <li>▪ Embrace emerging technologies and digital solutions to create efficiencies / future readiness</li> <li>▪ Make the procurement service more accessible and user friendly</li> </ul>



## NHS Highland Spend Profile

NHS Highland had an annual budget in excess of £1,006M. In 2020/21, its trade spend (non-pay) was approximately £160 M with £78M spent on goods and services.

Key highlights include:

- NHS Highland transacted business with 2,556 unique suppliers.
- NHS Highland placed 127,045 unique PECOS purchase orders with those suppliers.
- 43% of NHS Highland's trade spend (approx. £68.8M) was transacted with Small and Medium sized employers (SMEs).
- 25.2% of NHS Highland's spending on goods and services (£19.6M) was with local businesses (businesses with a postcode in the Highland or Argyll and Bute Council areas).
- 0.23% of NHS Highland's spending on goods and services (£179k) were with Supported Businesses.

## Savings and Added Value

Ensuring best value for the money that we spend is a fundamental cornerstone of what we do in procurement. We need to have a comprehensive understanding of the markets that we work in; we do this through a combination of local tendering and contracting, and through utilisation of a range of national contracts. We are currently developing a revised approach to contract and supplier management and focussing on how using our spend data and management information (MI) can drive opportunities across the supply chain.

Procurement will support the efforts of the board, through its Financial Recovery Board programme to achieve procurement savings targets across all of our divisions whilst delivering added value and promoting a business partnering and early engagement approach with all of our service users.

Key Focus to include:

- Establish a business partnering approach with key organisational stakeholders.
- Use data and management information to target influenceable spend.
- Identify, target and negotiate with key suppliers to deliver savings and value.
- Promote and further embed contract / supplier management across the board.
- Utilise more effective commercial criteria whole life/life cycle costing.
- Review key national and sectoral frameworks to achieve better value for money.
- Identify Purchase to Pay (P2P) improvements, efficiencies and potential cost savings.

## Sustainable Procurement

Procurement will take a lead for NHS Highland in its compliance with the Procurement Reform (Scotland) Act 2014 and delivery of the duties contained therein, including the Sustainable Procurement Duty. Procurement will, in a relevant and proportionate manner, use this and other tools to try and influence the delivery of the board's wider social, economic and environmental benefits across the Highland region.

Key Focus Areas to include:

- Utilise Scottish Government Sustainable Procurement Tools to prioritise projects
- Utilise the Scottish Government Flexible Framework Self-Assessment Tool to ascertain the level of performance of sustainable procurement
- Continue to support and improve access to procurement opportunities for SMEs, supported businesses, co-operatives and third sector
- Encourage innovation by utilisation of outcome specifications and variant bids where relevant and proportionate
- Create, manage and maintain a sustainability register to capture, monitor and report on sustainable outcomes
- Continue to support key NHS Highland policies linked to sustainable procurement such as Fair Work Practices and the Living Wage, Equalities and Climate Change.
- Utilise the National Supported Business Framework, considering Supported Businesses wherever possible with an aim to increasing spend with them.
- Imbed Community Benefit Clauses in contractual requirements which deliver wider benefits in addition to the core purpose of the contract.

## Monitoring, reviewing and reporting

We will monitor the successful implementation and delivery of our key priorities and action plan through a number of means.

- We hold a monthly Procurement and Supply Chain Service SMT with the procurement leads from across Highland and A&B where progress will be measured and monitored.
- The P&SC SMT in turn reports into the monthly Finance Directorate SMT.
- The procurement service, through attendance by the Head of Supply Chain and Commercial, is part of the National Procurement Service SMT.
- Procurement is accountable to the Financial Recovery Board (FRB) for the delivery of our CIP target through the PMO procurement workstream.
- Procurement also reports into the NHS Highland Audit Committee, and the Finance, Resources and Performance committee which signs off, for example, our Annual Procurement Report.
- In FY 22/23, the Scottish Government Procurement Commercial Improvement Programme (PCIP) assessment process will be undertaken again, with NHS Highland looking to maintain our top achievement banding from that process.

In addition to this strategy, we are also obliged by the regulations 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.

## Legal Compliance and Governance

Our Procurement processes must continue to comply with an increasing number of instances of legislation, regulations and statutory guidance which underpin what we do (detailed below). Case law in the area of public procurement continues to grow and in the year ahead we will continue to work with colleagues in the Central Legal Office to ensure that all we do is safe, legal and in line with all requirements.

- The Procurement Reform (Scotland) Act 2014
- The Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- The Concession Contracts (Scotland) Regulations 2016
- The Public Procurement etc. (EU Exit) (Scotland) (Amendment) Regulations 2020
- Scottish Public Procurement Policy Notes (SPPNs)
- Case Law
- The Procurement Journey

These legal 'rules' are embedded into our procurement processes to ensure compliance in procurement activity and NHS Highland's Code of Corporate Governance and Standing Financial Instructions which are used to inform our non-procurement colleagues on how commercial contracts should be enacted.

## Appendix 1 –Procurement Action Plan

PROCUREMENT ACTION PLAN 2022/23		
OBJECTIVE	AIMS	ACTIONS
1/ SUSTAINABLE PROCUREMENT	<p>1.1/ Increase spend with SME's, supported businesses and third sector organisations</p> <p>1.2/ Raise business awareness of procurement opportunities – including sub-contracting – and capacity to bid</p>	<ul style="list-style-type: none"> <li>■ Where appropriate use Prior Information Notices (PINs) for procurements to raise earlier awareness of future tender opportunities</li> <li>■ Pre-market engagement opportunities identified and progressed</li> <li>■ Continue to work with the Supplier Development Programme (SDP) to hold specific tender webinars, Talking Tenders sessions, encourage PCS registrations and promote sub-contractor opportunities.</li> <li>■ Participate in the Meet the Buyer North event</li> <li>■ Consider opportunities in individual tender strategies</li> <li>■ Incorporate where appropriate main contractor advertisement of sub-contractor opportunities</li> </ul>
	1.3/ Encourage and promote Fair Work Practices (FWP) in our supply chain	<ul style="list-style-type: none"> <li>■ Continue to include in appropriate procurements – including main contractor promotion with their sub-contractors</li> <li>■ Continue to monitor contractor provision of FWP and learn from best practice</li> <li>■ Consider how to incorporate more FWP into call-offs from collaborative framework agreements that we use</li> </ul>

	<p>1.4/ Contribute to Net Zero Scotland achievement and the global climate emergency through our procurements and supply chain</p>	<ul style="list-style-type: none"> <li>■ Embed Scottish Government guidance into our internal procurement documentation and templates</li> <li>■ Identify our priority areas and incorporate circular procurement considerations and emissions reductions goals. Consider at each stage of the Procurement Journey (do we need to buy? demand management, specification, evaluation, and contract management). Reduce, re-use, recycle and recover.</li> <li>■ Development of a sustainable procurement policy.</li> <li>■ Refresh our flexible framework/sustainability prioritisation tool action plan</li> <li>■ Procurements support NHS Property Strategy</li> <li>■ Review and identify (where appropriate) alternative products from existing contracts/framework agreements</li> <li>■ Encourage our supply chain to implement sustainable procurement action plans</li> </ul>
	<p>1.5/ Increase the delivery of community benefits and community wealth building into the NHS region</p>	<ul style="list-style-type: none"> <li>■ Continue to identify and embed best practice to maximise the inclusion and delivery of community benefits from our procurement activities</li> <li>■ Review our internal procurement guidance and contract strategy templates to consider a more targeted approach – including a communities and place approach</li> <li>■ Work with partner organisations to identify opportunities for the region</li> </ul>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>2/ DELIVER VALUE FOR MONEY</b></p>	<p>2.1/ Reduce Costs by delivering savings and cost avoidance</p>	<ul style="list-style-type: none"> <li>■ Regularly review our spend data to identify commercial opportunities to do things differently that deliver savings and non-cashable benefits</li> <li>■ Promote demand management</li> <li>■ Include whole-life costing evaluations where applicable and link to circular procurement</li> <li>■ Monitor and increase our spend on contracts and frameworks</li> <li>■ Seek opportunities to collaborate and benefit from economies of scale and buying power</li> <li>■ Review and consider appropriate price : quality ratios within our evaluation methodology which achieve the relevant balance between helping to reduce costs and not reducing the required quality of goods/services/works.</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>3/ LEADERSHIP &amp; GOVERNANCE</b></p>	<p>3.1/ Increase the profile and relevance of procurement across NHS Highland</p>	<ul style="list-style-type: none"> <li>■ Market and promote the benefits of procurement internally</li> <li>■ Regularly report on procurement activity and secured outcome</li> </ul>
	<p>3.2/ Increase the strategic involvement of procurement at a senior level and across all divisions</p>	<ul style="list-style-type: none"> <li>■ Review our processes to ensure commercial and procurement considerations are included as early as possible</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>4/ CONTINUOUS IMPROVEMENT</b></p>	<p>4.1/ Maximise effectiveness and efficiencies from the systems we use</p>	<ul style="list-style-type: none"> <li>■ Seek and implement opportunities to automate purchase to pay processes – particularly in the consideration of any new systems</li> <li>■ Develop and implement a Procurement Systems related ICT Strategy</li> <li>■ Improve our internal contracts register</li> <li>■ Publish a Forward Plan on our website</li> <li>■ Consider the use of Public Contracts Scotland Tender for appropriate procurements and contract management aspects</li> </ul>

	4.2/ Improve our collective skills and expertise and that of those doing procurement across the organisation	<ul style="list-style-type: none"> <li>■ Identify and access procurement and commercial training and skills development across the procurement team and project/contract managers</li> <li>■ Review and develop the internal procurement training we provide</li> <li>■ Review and update our internal procurement guidance documentation</li> </ul>
	4.3/ Share our knowledge and expertise	<ul style="list-style-type: none"> <li>■ Make procurement related lessons learned available across the organisation</li> </ul>
	4.4/ Improve our contract/supplier management and monitor more robustly through effective KPIs	<ul style="list-style-type: none"> <li>■ Review the suite of key performance indicators available within Public Contracts Scotland Tender for relevant inclusion in contracts</li> </ul>