

NHS 24 BOARD MEETING		22JUNE 2023 ITEM NO 10.1 FOR APPROVAL	
PROCUREMENT ANNUAL REPORT – 2022/23			
Executive Sponsor:		John Gebbie, Director of Finance	
Lead Officer/Author:		Brian Laughland, Head of Procurement - Scottish Ambulance Service (SAS)	
Action Required		The Annual Report to the Board is presented to the Board for review and approval of submission to the Scottish Government.	
Key Points for this Committee to consider		<ul style="list-style-type: none"> • This is an annual reporting requirement from Scottish Government and the report is for financial year 2022/2023 • Procurement services are provided by SAS via a Service Level Agreement (SLA) with support from the Finance Department and Contracts Manager in ICT. • In addition to providing details of new regulated procurements during the year, there is a requirement to provide information on any future requirements within the next 24 months. Whilst we have reflected current requirements these may change over this period dependant on funding and service requirements. 	
Governance process		This report was considered Audit and Risk Committee on 8 June 2023. It is presented to the Committee and Board for review and approval prior submission to Scottish Government.	
Strategic alignment and link to overarching NHS Scotland priorities and strategies		Effective procurement is aligned with the delivery of the NHS 24 Strategy & NHS 24 contribution to the Health and Social Care Delivery Plan.	
Key Risks		There are no key risks within the Procurement Annual Report. Risks associated with procurement of goods	

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	and services follow the normal risk process within NHS 24.
Financial Implications	<p>The financial plan includes provision for procurement of goods and services required to deliver and develop the current services across NHS 24.</p> <p>However, there are no specific financial implications associated with this paper</p>
Equality and Diversity	<p>There are no direct equality and diversity (E&D) implications associated with this report. However, equality and diversity is appropriately considered in relation to Procurement transactions.</p>

1. RECOMMENDATION

- 1.1 The Board is asked to review and approve the Procurement Annual Report 2022/23 prior to submission to Scottish Government.

2. BACKGROUND

- 2.1 The Procurement Reform Act (Scotland) 2014 placed a requirement on all public bodies with an annual turnover in excess of £5,000,000 to have a Procurement Strategy in place and to produce an Annual Report.
- 2.2 An updated Procurement Strategy was presented to the August 2022 Planning & Performance Committee for formal approval prior to publication. The Procurement Strategy is currently in draft format with the intention of presenting at the next Planning & Performance Committee meeting in August 2023.
- 2.3 The Procurement Annual Report has a section on regulated procurement, defined as a contract that exceeds £50,000 (now inclusive of VAT). These are detailed for 2022/23 from page 3 of the report. Regulated procurements do not include waivers or contracts arranged by 3rd parties. For example, this would exclude the recent internal audit contract (where NHS Greater Glasgow & Clyde were the procurement leads) or change controls within the two main ICT managed service contracts. These illustrate, along with two main ICT managed service contracts why NHS 24 has fewer actual and planned “regulated procurements” than the gross non pay expenditure might otherwise indicate.
- 2.4 SAS expertise spans the entire procurement journey from identification of needs to sourcing strategy, options and supplier appraisal, through to the end of the subsequent contract. Under the SLA, SAS are responsible for the development of the procurement strategy and throughout the year promote good procurement practice within NHS 24 ensuring that the elements of the procurement strategy are adhered to.

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- 2.4 This Procurement Annual Report has been prepared by Brian Laughland, in his role as Head of Procurement, SAS

3. CURRENT POSITION

- 3.1 This is an annual reporting requirement from Scottish Government and the report attached is for financial year 2022/2023.
- 3.2 In addition to providing details of previous regulated procurements, there is a requirement to provide information on any future requirements within the next 24 months. Whilst we have reflected our anticipated requirements for the next two years, these may change over this period dependant on funding and service requirements.
- 3.3 During the financial year 2022/23 NHS 24 had a total expenditure with 3rd party suppliers amounting to £22.5m. This is expenditure that is influenced by procurement but as outlined above will include contracts that do not fall under the definition of regulation procurement or relate to regulated procurements carried out in previous years.

4. RECOMMENDATION

- 4.1 This is presented to the Board for approval prior to publication.



Document Title:	Annual Report 2022-23
Department:	Procurement
Committee:	NHS 24 Board Meeting

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INTRODUCTION

To comply with the Procurement Reform (Scotland) Act 2014 (The Act), NHS 24 is required to publish Procurement Report annually detailing information on all regulated procurement activity. This report reflects information for the period 1st April 2022 to 31st March 2023. In addition to reporting previous activity, the report includes information on all regulated procurements that are planned for the next two-year period (1st April 2023 – 31st March 2025).

A regulated procurement is any procurement for goods or services with an estimated value over the life of the contract of £50,000 or more and any such procurement for works with an estimated value over the life of the contract of £2,000,000 or more.

The professional management of procurement activity is an important factor contributing towards the efficient operation of NHS 24 and the attainment of corporate objectives as identified within the Annual Operating Plan. It is essential for both users of our services and staff that quality projects, supplies and services are delivered on time to NHS 24 within optimum commercial arrangements.

NHS 24 Board had a total expenditure with 3rd party suppliers of £22,513,718 net of Vat (based on financial year 2022/23 data).

This is expenditure that is influenced by procurement and subject to contract and/or tendering activity.

The Procurement Strategy positions procurement activity visibly within the organisation, establishing Board level commitment to and involvement in the management of the Health Board's procurement deliverables. It additionally sets out clear, measurable objectives and priorities for improvement which are closely monitored. Progress against strategic objectives is reported annually to the NHS 24 Board, by the Director of Finance who is the nominated Director within the Board with overall responsibility for Procurement Services. The strategy addresses key procurement issues over a 3-year time frame and is subject to annual review.

The strategy is pursued through the line management accountability structures, with clear targets and timescales being established in relation to improvement in procurement activity undertaken at strategic and operational levels. These targets are reflected within NHS 24's service level agreement for procurement services.

The Head of Procurement has responsibility for procurement services that cover both the Scottish Ambulance Service and NHS 24. Therefore, the compliance and outcomes set out within each of the individual Strategy documents apply to all parts of both organisations and all procurement activity undertaken by SAS and NHS 24.

Please note that a separate Procurement Annual Report will be prepared and published in respect of SAS procurement activity.

The report owner is:

Brian Laughland
Head of Procurement,
Scottish Ambulance Service
Gyle Sq
South Gyle
Edinburgh

SUMMARY OF REGULATED PROCUREMENTS 2022/23

The following is a list of regulated procurements completed during the period April 2022 to March 2023

Supplier	Description	Complied with Procurement Strategy	Community Benefits
Mistura Enterprise Limited t/a Choice and Medication	NHS24/2022/616 – Choice and Medication Subscription This contract is for a subscription to the Choice and Medication Website which offers patients information about mental health conditions and treatment options available. Cost: £122,000	YES	NO
Seattle Software Limited (trading as Orbus Software)	NHS24-2022-612 - NHS24 iServer365 Architect The agreement provides access to the iServer365 platform for 5 Author Users. Authors can create, edit, and publish content within the iServer365 environment Cost: £55,800	YES	NO
Resulting IT	NHS24/2022/579(b) Connect Phase 2 Technical ICT and programme support Two phase programme: Component 1 – Requirements gathering Component 2 – Solution Map Cost: £259,520	YES	NO
Cluster Reply	NHS24/2022/629 Health Chat Bot Provide a cloud-based solution to fulfil NHS 24 chat bot framework and mobile app requirements. Following meetings with NHS24, it was agreed that the project should be split into three phases; pre-festive MVP (Phase 1), post-festive MVP (Phase 2) and then a phase to deliver a range of additional capabilities and features (Phase 3). This work order is for the delivery of the pre-festive MVP (Phase 1) only, as outlined in the proposal document (Reference 1). Costs: Phase 2: £165,449.70 Alexa integration: £60,000	YES	NO
NHS GG&C	NHS24/2022/660 Occupational Health Services Provision of a comprehensive Occupational Health Service to all staff. Includes pre-employment checks (new starters), management referrals, self-referrals, and health assessments (where indicated) Cost: £52,711	YES	NO
FES Support Services	NHS24/2022/649 - Cardonald Refurbishment Works Award via the Crown Commercial Building Works & Minor Associated Civil Engineering Works & Services – Scotland Framework, Lot 1.1.4 for the refurbishment of the toilet facilities at Cardonald Cost: £115,229.79	YES	NO

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<p>Espire Infolabs Ltd</p>	<p>NHS24/2022/654 - Content Management System Requirements</p> <p>Contract awarded via Crown Commercial Services G-Cloud 12 Framework Agreement. Espire identified as the most economically advantageous tenderer following the prescribed framework buying process</p> <p>The contracted requirement is to migrate the existing NHS Inform website from the existing CMS (Umbraco) to a new CMS (Wordpress), manage and maintain the website on the existing umbraco CMS until the migration is complete and then manage, maintain and develop the website on the new CMS for the duration of the contract</p> <p>Cost: £544,407.00</p>	<p align="center">YES</p>	<p align="center">NO</p>
<p>Resulting IT Ltd</p>	<p>NHS24/2022/352 - Connect Phase 2, Programme & Project Resource Support</p> <p>Contract awarded via Crown Commercial Services Digital Outcomes and Specialists Framework Agreement through further competition. Resulting IT was identified as the most economically advantageous tendered in accordance with the advertised requirement and associated award criteria.</p> <p>The contracted requirement is to deliver digital professional services (project/programme management, solution architecture etc) over a range of projects in the connect programme</p> <p>Cost: Professional Service Call-Off Contract up to a maximum value of £500,000.00</p>	<p align="center">YES</p>	<p align="center">NO</p>
<p>Connect Three</p>	<p>NHS24/2022/675 - Middle Leadership Development Programme & NHS24/2022/677 - Senior Leaders Development Programme Duration: 08/02/2023 to 31/03/2023</p> <p>NHS 24 published in October 2022 their 3-year Workforce Strategy and Plan. A key priority of the strategy and plan is 'Effective Leadership and Management'. We believe that health and social care leaders of the future will need multi-dimensional skillsets for not only themselves but for the teams that surround them. Individuals will require to master skills in technology, leadership excellence, community leadership and political adeptness.</p> <p>To meet these shifting needs, our leaders will require to think differently and adopt system thinking and distributed leadership approaches. They will need to reinforce functional leadership competencies alongside values and environmental, social and corporate governance policies and processes.</p> <p>Our current and future leaders will require to act as change agents and disruptors to lead NHS 24 from recovery post pandemic, through organisational growth and maturity culminating in full digital transformation. They will need to do this in a patient centric and compassionate way.</p> <p>Costs: Each agreement is valued at £49,888</p>	<p align="center">YES</p>	<p align="center">NO</p>
<p>Edge Testing Solutions Ltd</p>	<p>NHS24/2023/682 - Testing Support</p> <p>Remote testing services for the support of various projects, call off under Crown Commercial Services G-Cloud 13 framework.</p>	<p align="center">YES</p>	<p align="center">NO</p>

	Costs: This agreement allows for a call-off up to £100k in total value		
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Further detail for procurement exercises is contained in Appendix 1.

PROCUREMENT NOT COMPLYING WITH NHS 24 STRATEGY

In compliance with the Procurement Reform (Scotland) Act 2014 (The Act) NHS 24 is required to provide information on any Procurement that did not comply with the NHS 24's Procurement Strategy.

This confirms that all of the regulated procurements awarded over the period April 2022 to March 2023 complied with the NHS 24's current Procurement Strategy requirements.

COMMUNITY BENEFITS

Boards are required to provide details of community benefits where they exist. Confirmation is given that no procurement activity undertaken was of a value that required the inclusion of community benefits within the tender process.

Development and promotion of the community benefits aspect within all tendering procurements will progress into 2023 and beyond.

SUPPORTED BUSINESSES

The Scottish Government encourages public sector bodies to utilise the services of supported businesses whenever appropriate opportunities arise and to seek the services of those companies on the framework agreement.

In its Procurement Strategy, NHS 24 is committed to ensuring that the framework agreement will be utilised whenever appropriate, and consideration will be given to supported business contractors during each tendering exercise and where appropriate smaller value Lots will be made available for tendering.

In addition, the Procurement team continues to promote the Supplier Development Programme aimed at Scottish SME and 3rd sector suppliers wherever possible.

PROPOSED REGULATED PROCUREMENTS 2023/24 AND 2024/25

The following is a list of regulated procurements likely to be undertaken during the next two financial years. Definitive start dates and go live dates are dependent on allocated funding and final approval to proceed.

Title	Annual Budget or Budget Allocation	Start Date	Go Live date
ICT Technical and Programme support	£330k p.a	April 2023	June 2023
Replacement CRM	£100k p.a	August 2023	February 2024
Replacement customer experience software	£50k p.a	February 2024	February 2025

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Fit out works - Aberdeen	£60k	June 2024	July 2024
Estate upgrades	£80k	July 2023	August 2023
Media Buying	£500k p.a	September 2023	March 2024
Marketing Services	£50k p.a	June 2023	July 2023
Recruitment services	£200k	June 2023	August 2023
Recruitment services	£60k p.a	October 2023	April 2024
Telephony - mobiles	£15k p.a	June 2023	July 2023
ICT services – security/testing	£30k p.a	June 2024	September 2024
ICT – managed service contracts*	Unknown	unknown	unknown
Webchat	£45k	June 2023	July 2023

* A major project will initiate in 2023/24 to plan out the digital strategy for NHS 24 within the context of the two major ICT managed service contracts ceasing in October 2025. It is too early to put an estimate of the number of contracts or values that will fall under regulated procurement but has the potential to be significant spend and volume of procurements. These two managed service contracts are the reason the NHS 24 regulated procurements are lower than our overall non pay spend would indicate. As the bundling of services within these contracts and any renewals or changes to services that fall within these contracts does not qualify under the definition of regulated procurements.

REFERENCE DOCUMENTS/APPENDICES

Procurement Reform (Scotland) Act 2014

<https://www.legislation.gov.uk/asp/2014/12/contents>

The Public Contracts (Scotland) Regulations 2015

<https://www.legislation.gov.uk/ssi/2015/446/contents/made>

PROCUREMENT STRATEGY

The current Procurement Strategy was presented at the August 2022 Planning & Performance Committee. An updated Procurement Strategy will be presented at the August 2023 Planning & Performance Committee.

Supplier Development Programme

<https://www.sdpscotland.co.uk/>

<https://www.scotlandsbravest.org.uk/>

<http://www.hiap-scotland.org/>

GLOSSARY OF TERMS

TBC	value and/or start date subject to confirmation
Framework Agreement	In the context of this document, a contract establishing a supplier or suppliers with agreed terms and conditions for the supply of goods services or works established for one or more health board who will call off as required.

Appendix 1

Annual Procurement Report template

[NOTE: reference to contract is also to be construed as meaning a framework agreement]

1. Organisation and report details

a) Contracting Authority Name	NHS 24
b) Period of the annual procurement report	2022-23
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes

2. Summary of Regulated Procurements Completed

a) Total number of regulated contracts awarded within the report period	10
b) Total value of regulated contracts awarded within the report period	£1,859,556
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	9
i) how many of these unique suppliers are SMEs	0
ii) how many of these unique suppliers how many are Third sector bodies	0

3. Review of Regulated Procurements Compliance

a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	10
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0

4. Community Benefit Requirements Summary

Use of Community Benefit Requirements in Procurement:

a) Total Number of regulated contracts awarded with a value of £4 million or greater.	0
b) Total Number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	0
c) Total Number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements	0

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

d) Number of Jobs Filled by Priority Groups (Each contracting authority sets its own priority groups)	n/a
e) Number of Apprenticeships Filled by Priority Groups	n/a
f) Number of Work Placements for Priority Groups	n/a
g) Number of Qualifications Achieved Through Training by Priority Groups	n/a
h) Total Value of contracts sub-contracted to SME	n/a
i) Total Value of contracts sub-contracted to Social Enterprises	n/a
j) Total Value of contracts sub-contracted to Supported Businesses	n/a
k) Other community benefit(s) fulfilled	n/a

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	0
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	3
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated	3

contract awarded during the period.

d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.

1

6. Payment performance

a) Number of valid invoices received during the reporting period.

5,494

b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)

90.5% of invoices by value Average was 20 days

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

7. Supported Businesses Summary

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:

£0

i) spend within the reporting year on regulated contracts

£0

ii) spend within the reporting year on non-regulated contracts

£0

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.

£22,513,718

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b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£1,732,653
c) Total procurement spend with Third sector bodies during the period covered by the report.	£0
d) Percentage of total procurement spend through collaborative contracts.	0.3 % Way the data works it excludes other NHS Boards. This is where most of the collaborative spend is and would be circa £2.6m in 22/23 if we include that and higher if use of framework contracts also included.

e) Total targeted cash savings for the period covered by the annual procurement report	£82,831
i) targeted cash savings for Cat A contracts	£61,805
ii) targeted cash savings for Cat B contracts	£3,456
iii) targeted cash savings for Cat C contracts	£17,569

f) Total delivered cash savings for the period covered by the annual procurement report	£253k savings achieved in 2022/23 from the £22.5m non pay spend from procurements + £182k reduction due to clause in managed service contract.
i) delivered cash savings for Cat A contracts	TBC
ii) delivered cash savings for Cat B contracts	TBC
iii) delivered cash savings for Cat C contracts	£417k

g) Total non-cash savings value for the period covered by the annual procurement report	
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9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	12
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£3,376,000

NOTES

- Reference to contract is also to be construed as meaning a framework agreement.
- Please provide exact figures wherever possible, rather than estimations.
- Please distinguish between the '0' value and where information is either not recorded or not available.

1. Organisation and report details

- a) Enter the name of the contracting authority to which the report refers.
- b) Enter the actual period of the report (for example, 101 April 18 to 31 March 19 or 1 August 18 to 31 July 19.)
- c) Has the report been prepared because there is a requirement to do so under Section 18 of the 2014 Act?

2. Summary of regulated procurements completed

- a) This is the total number of all regulated contracts that were awarded during the reporting period as a result of regulated procurements.
- b) This is the total estimated value (excluding VAT) of all regulated contracts that were awarded during the reporting period as a result of regulated procurements.
- c) This is the total number of unique suppliers that were awarded a place on a regulated contract which was awarded during the reporting period. (where a supplier has been awarded more than one framework, or contract only one instance should be recorded).
 - i) Number of unique SME suppliers that were awarded a place on a contract awarded during the reporting period. (An SME means an enterprise which employs less than 250 staff.)
 - ii) Number of unique Third sector suppliers that were awarded a place on a contract awarded during the reporting period.

3. Review of regulated procurements compliance

- a) Total number of regulated contracts awarded within the reporting period that complied with the commitments and policies set out in your corporate procurement strategy.
- b) Total number of regulated contracts awarded within the reporting period that did not comply with commitments and policies set out in the corporate procurement strategy.

4. Community benefit requirements summary

- a) Total number of individual regulated contracts awarded within the reporting period with a value of £4 million or greater.
- b) Total number of individual regulated contracts awarded within the reporting period with a value of £4 million or greater that contain Community Benefit requirements.
- c) Total number of regulated contracts with a value of less than £4 million that contain that contain Community Benefit requirements.
- d) Total number of jobs filled by individuals within a priority group during the period of the report.
- e) Total number of apprenticeships filled by priority groups during the period of the report.
- f) Total number of work placements delivered for priority groups during the period of the report.
- g) Number of qualifications achieved during the period of the report through training by priority groups.
- h) Total value of contracts subcontracted to SMEs during the period of the report
- i) Total value of contracts subcontracted to Social Enterprises during the period of the report.
- j) Total value of contracts subcontracted to Supported Businesses during the period of the report.
- k) Other community benefits that were fulfilled during the period of the report that do not fall into one of the preceding categories.

5. Fair Work and the real Living Wage

- a) Number of regulated contracts awarded during the reporting period where it was relevant to include a scored Fair Work criterion.
- b) Total number of unique suppliers that have committed to pay the real Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements; this number will include suppliers who are awarded onto a framework agreement and will also reflect those suppliers who are accredited as Living Wage employers.
- c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract during the period of the report; this number will include suppliers who are awarded onto a framework agreement.
- d) Number of unique suppliers signed up to the Scottish Business Pledge and were awarded a regulated contract during the period of the report; this number will include suppliers who are awarded onto a framework agreement.

6. Payment performance

- a) Total number of valid invoices received during the period of the report.
- b) The percentage of valid invoices received during the period of the report that were paid on time (for example, within the time period set out in the contract terms).
- c) Total number of regulated contracts awarded during the period of the report that contained a contract term requiring the prompt payment of invoices in public contract supply chains.
- d) Total number of concerns raised by sub-contractors within the timeframe covered by the report about timely payment of invoices relating to the supply chain of public contracts.

7. Supported businesses summary

- a) Total number of all regulated contracts that were awarded to supported businesses during the reporting period (this includes contracts reserved for supported businesses)
- b) Total amount of spend with supported businesses during the reporting period (through regulated and non-regulated contracts).
 - i) Total spend with supported businesses during the reporting period through regulated contracts (*including spend within the period on contracts placed before the period*).
 - ii) Total spend with supported businesses during the reporting period through non-regulated contracts (*including spend within the period on contracts placed before the period*).

8. Spend and savings summary

- a) Total amount of procurement spend during the reporting period.
- b) Total amount of procurement spend with SMEs during the reporting period.
- c) Total amount of procurement spend with Third Sector bodies during the reporting period.
- d) Percentage of total procurement spend during the reporting period that is through collaborative contracts.
- e) Total amount of cash savings that was targeted / forecast for the period of the report.
 - i) Total amount of cash savings that was forecast for the period of the report through Cat A (National) contracts.
 - ii) Total amount of cash savings that was forecast for the period of the report through Cat B (Sectoral) contracts.
 - iii) Total amount of cash savings that was forecast for the period of the report through Cat C contracts.
- f) Total amount of cash savings delivered for the period of the report.
 - i) Total amount of cash savings delivered during the period of the report through Cat A (National) contracts.

- ii) Total amount of cash savings delivered during the period of the report through Cat B (Sectoral) contracts.
- iii) Total amount of cash savings delivered during the period of the report through Cat C contracts.

9. Future regulated procurements

- a) Total number of all regulated contracts that are expected to commence in the next two financial years.
- b) Total estimated value of all regulated contracts that are expected to commence in the next two financial years.