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| NHS 24 BOARD | | 19 AUGUST 2021 BD (2021 22) 007 FOR APPROVAL |
| PROCUREMENT STRATEGY 2021-2024 | | |
| Executive Sponsor: | Director of Finance | |
| Lead Officer/Author: | Head of Procurement – SAS | |
| Action Required | The report is presented to Board to seek approval to publish as the new Procurement Strategy for NHS 24 | |
| Key Points for this Committee to consider | <p>NHS24 is required to produce and publish both a Procurement Strategy and Annual report. This Strategy is an enabler to support NHS 24 to deliver their corporate objectives in line with public procurement legislation, the Scottish Model of Procurement and Scottish Government policy.</p> <p>This paper updates the Procurement Strategy approved in August 2020.</p> | |
| Governance process | This Procurement Strategy was discussed at both the August Planning & Performance Committee and Audit & Risk Committee. Minor changes have been made and this is presented as the version to be published and used by NHS 24 | |
| Strategic alignment and link to overarching NHS Scotland priorities and strategies | This paper demonstrates progress against the NHS 24 organisational priority of meeting its financial targets and delivering best value | |
| Key Risks | There are no key risks directly associated with this paper. | |
| Financial Implications | There are no direct financial implications associated with this paper. | |
| Equality and Diversity | The procurement strategy complies with all requirements in relation to equality and diversity. | |

1. RECOMMENDATION

1.1 This is presented to the Board for approval to replace the previous Procurement Strategy and to published on the NHS 24 website.

2. INTRODUCTION

2.1 In accordance with the Procurement Reform (Scotland) Act 2014 (“the Act”) all public sector organisations with an annual spend of greater than £5m are required to publish a Procurement strategy.

2.2 It is now a legal requirement for Scottish public sector bodies to publish a Procurement Strategy and review it annually. This updates the strategy to cover the period 2021 to 2024.

2.3 NHS 24 procurement leadership and provision is provided via an SLA with Scottish Ambulance Service (SAS) Procurement Team, having moved from Golden Jubilee in June 2020.

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 in NHS 24. They ensure the elements of the procurement strategy are adhered to. Under the SLA SAS provide:

- Proactive management of NHS 24's Contract Register
- Staff training – general /PECOS
- Intranet refresh
- Promotion of best practice for all procurement activities
- Identification of directorate procurement leads
- Identification of expiring contracts
- Provision of M.I. including Key Performance Indicators

2.5 The attached document sets out the Procurement Strategy. We seek comments from the Committee, so any amendments can be made prior to the Procurement Strategy being taken to the next Board meeting to be ratified and then published in line with the Act.

3. UPDATE ON THE STRATEGY

3.1 Whistle Blowing

SAS Procurement are currently prioritising existing NHS 24 contracts, high risk first then lower risk contracts based on the remaining contract length and perceived level of risk to patients with a view to communicating the need for a Whistleblowing Standard procedure to be in place. All new NHS 24 contracts will recognise the need for suppliers to comply with National Whistle Blowing Standards.

SAS will shortly write to relevant suppliers

3.2 Cybercrime

NHS 24 is currently undertaking an exercise to identify “critical third party suppliers” with a view to requesting assurance and information in respect of their cyber resilience and information security measures. This also considers the contingency measures in place by the supplying organisation to maintain their services during an impacting incident.

Once identified, SAS will contact relevant suppliers with a view to ascertaining levels of compliance. This forms part of the strategy and is embedded as good practice to ensure our main suppliers have sufficient protections in place.



NHS 24 Procurement Strategy

July 2021 – June 2024

VERSION 0.01

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| Document Title: |
|------------------------------|
| 2020/21 Procurement Strategy |

Equality and Diversity Impact Assessment

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1. Introduction

This document sets out the Procurement Service's Procurement Strategy to support NHS 24 to deliver their corporate objectives in line with public procurement legislation, the Scottish Model of Procurement and Scottish Government policy. The public procurement landscape in Scotland has continued to develop since the previous strategy was produced in July 2019, with both policy development and legislative change. It is now a legal requirement for Scottish public sector bodies to publish a Procurement Strategy and review it annually.

The Scottish Government's policy drivers for public procurement are predominantly centred around sustainability, economic development and tackling inequality. The key priorities of the Procurement Service's Procurement Strategy are outlined in Section 4 of this document. It is not necessary to detail the legislative and policy background that governs public sector procurement in this document, but we will ensure that the Procurement Service complies with all legislative framework and policy drivers, and developments will be addressed through the annual work plans. Current issues include compliance with the General Data Protection Regulations (GDPR), and ensuring measures to prevent fraud and bribery are robust.

This Strategy has been developed in consultation with stakeholders within NHS 24 and will be signed off by the appropriate governance structure within the organisation. It is based on the template and guidance for procurement strategies produced by the Scottish Government (SG). Compliance with legislation pertaining to public procurement is the minimum standard. The Procurement Service will aim to function beyond that level and align with best practice.

At the time of production, we are operating under the following regulations:

- The Public Contracts (Scotland) Regulations 2015 (Procurement Regulations)
- The Procurement Reform (Scotland) Act 2014 (the Reform Act).
- GP2012 World Trade Organisation (replaces European Treaties and Directives as no longer a member of the EU) *

*Processes and Procedures

The changes from EU to GP 2012 are largely technical in nature. They do not impact on procurement procedures which will remain fundamentally unchanged. The basic requirements to advertise contracts, observe minimum timescales, and follow rules on technical specifications and award criteria, for example, will remain in place. The requirement to afford equal treatment to bidders from countries which are signatories to the World Trade Organisation's Government Procurement Agreement (the GPA) will also remain. This is due to the UK becoming a party to the GPA in its own right at the end of the Transition Period; previously it was a party by virtue of being a member State of the EU.

[WTO | Government procurement - The plurilateral Agreement on Government Procurement \(GPA\)](#)

The legislation is reflected within our internal financial rules or Standing Financial Instructions

In June 2020 the NHS 24 Procurement service transferred to the shared procurement service being provided by Scottish Ambulance Service.

The Scottish Ambulance Service also provides a procurement service to Healthcare Improvement Scotland (HIS) and previously provided the service to Health Scotland (HS), however this ended when HS became part of Public Health Scotland (PHS).

Procurement staff skills are supported and developed to ensure the service remains up to date with all legislative and Procurement regulations and these are complied with, and supplier and contract management arrangements are implemented and managed appropriately

2. Our vision, mission and role of the Shared Procurement Service

Vision

We aspire to be a high performing function that not only delivers a legally compliant and sustainable procurement service but one that also provides opportunities for financial efficiencies within NHS 24

Mission

To provide a comprehensive sustainable procurement service that meets the needs and expectations of all service partners within NHS 24 in support of the Board's corporate and financial objectives.

Role

Our work focuses on:

Delivering savings, efficiencies and sustainable procurement through contracting activity. This includes collaborative working where appropriate.

- Providing advice on public procurement to stakeholders throughout NHS 24
- Developing the skills and expertise of our team to deliver a high-quality service to our stakeholders.

Note: Sustainable procurement is intended to derive social, environmental and economic benefits from public expenditure in addition to the purchase of the goods or services concerned.

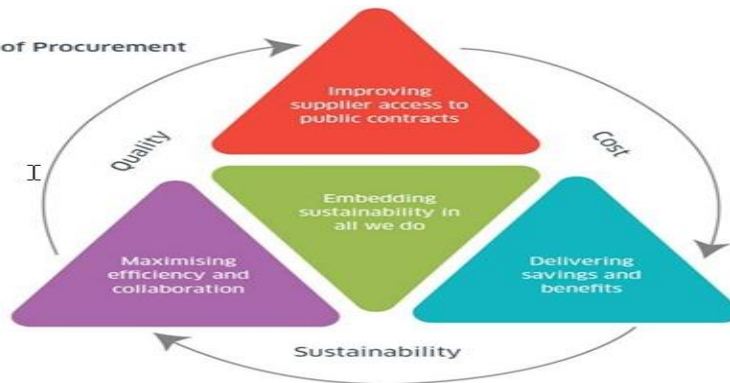
3. Contracting activity

Our approach to procuring goods, services and works reflects the Scottish Model of Procurement as shown below in figure 1, We aim to achieve value for money by working closely with our stakeholders to understand their requirements, and with suppliers to understand the relevant market sectors. Procurement processes are based on a fair, open

and transparent competition which is proportionate to the scale and purpose of the contract and meets our legal obligations.

Contracts are awarded using a mix of criteria appropriate to the subject matter of the contract.

Figure 1
Scottish Model of Procurement



For each procurement project that exceeds £50,000 ('regulated procurement') we will develop a sourcing strategy. These strategies are based on tools provided in the Scottish Government's Procurement Journey, such as the sustainability test. These tools help to identify opportunities to include social, environmental, economic issues that can be included in the procurement.

Our activity includes contracts for NHS 24. Details of the contracts we have awarded are available on the Public Contracts Scotland portal.

4. Key priorities

The purpose of this Strategy is to set out the strategic direction for the Procurement Service for the next 3 years.

The key priorities of the Procurement Service's Procurement Strategy are:

- (a) Continue the quest for best value

We will engage with stakeholders and suppliers to identify new ways to achieve best value through supportive challenge of specifications and service levels, the use of innovative solutions where appropriate, and ongoing engagement with key suppliers and stakeholders through the contract management process post-award. We will embrace quality improvement with a view to ensuring that our processes are as efficient as they can be for the benefit of our stakeholders, our suppliers and ourselves.

Procurement strategy 2021 to 2024

- Reduced health inequality
- Reduced environmental harms
- Fair work being evident within and across our supply chains
- Promotion of the "Real Living Wage"

- Cyber Security
- National Whistleblowing Standards

Value delivery

We will commit to defining delivering and communicating value widely, which will include;

- Commercial cost reduction
- Security of supply
- Improved local social outcomes

We will continue to develop our approaches to supplier engagement and supply management that takes account of our wider definition of value.

How do we obtain value for money?

- Early project engagement – involvement at the design stage allows for an optimised supply solution ensuring unnecessary costs are minimised
- early market engagement – procurement can engage with market participants to understand new developments and bring this knowledge back in house
- Right sizing contracts – appropriately segmenting requirements to better facilitate SME/Third Sector and Supported Business participation
- Focusing on wider value - maximising the impact of each pound spent by including Community Benefit Clauses
- Evaluating on whole life costing – not just focusing on acquisition cost
- Utilising output based requirements – buying the outcome not defining how it should be done
- Challenging the need and demand management – is the purchase really necessary?
- Shift in focus to supply management - by prioritising key supply areas and suppliers we can unlock additional value through partnerships and innovation

(b) Sustainable procurement

We will continue to develop our practice with respect to sustainable procurement.

This will include looking for ways to broaden access to contracts for Small and Medium Sized Enterprises (SMEs), the third sector and supported businesses. This encompasses the following;

- Looking for innovation and harnessing more sustainable technologies
- Encouraging our suppliers to provide more sustainable goods and services with lower carbon emissions
- Expanding the use of community benefits
- Embedding fair work practices
- Promoting equality and tackling inequality and
- Inclusion of Life cycle impact mapping as part of the sustainability test.

We will continue to underpin a sustainable and resilient NHS 24 by providing excellent support services and expertise.

Further information on the sustainable procurement tools and guidance provided by the Scottish Government can be found at the following link;

[Sustainable Procurement \(sustainableprocurementtools.scot\)](https://www.scot.nhs.uk/sustainableprocurementtools)

(c) Innovation

Procurement can be a key part in the development and encouragement of Innovation across the Supply Chain and we will look to support this aspect through promotion and development of Innovation in products and or services across our Procurement agreements and opportunities.

This will also be supported by promotion of the Innovation Leadership Groups and similar bodies like the NHS National Procurement – Health Innovation Assessment Portal, as per the following website link;

Link to NHS Scotland: National Procurement's Health Innovation Assessment Portal

[Health Innovation Assessment Portal :: NHS National Procurement \(scot.nhs.uk\)](https://www.scot.nhs.uk/health-innovation-assessment-portal)

(d) Tackling inequalities

We will continue to adhere to the legal requirements of the Equality Act 2010 which specifies that procurement should pay due regard to the award criteria (economic viability and performance) and equality considerations. Mechanisms are currently in place (and will be built upon) to ensure that suppliers and the Service comply with the Act and the Public Sector Equality Duty.

(e.) Modern Slavery Act

NHS 24 focus on the ethical employment of staff within the extended supply chain and requires all currently contracted and prospective suppliers support in continuing to develop the transparency and profile of this essential initiative highlighted in the Modern Slavery Act 2015

We therefore need all current and prospective suppliers support in highlighting the focus of the supply chain and on the importance of complying with the terms of the Modern Slavery Act, in particular publishing and promoting their statement of their company's position.

For further information please see the following link to the legislation;

[Modern Slavery Act 2015 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2015/31)

(f) Fair Work First Policy

We will continue to develop and embed in all formal Procurement's the Scottish Government's Fair Work First in Scottish Public Procurement.

The Scottish Government's Fair Work policy outlines five Fair Work criteria that must be applied to Public Sector Procurements from the 1st April 2021.

- Appropriate channels for effective voice, such as trade union recognition
- Investment in workforce development
- No inappropriate use of zero hours contracts
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace
- Providing fair pay for workers (for example, payment of the 'real' Living Wage)

Link to the Scot Gov Policy note:

[Implementation of Fair Work First in Scottish Public Procurement: SPPN 3/2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/sppn-3-2021/pages/implementation-of-fair-work-first-in-scottish-public-procurement.aspx)

(g) Cyber Security

Cyber Security is an essential part of operational service and business continuity and the Scottish Government have outlined how we all need to work together and have a role to play in protecting ourselves, families, communities, and businesses.

An interim Cyber Security strategy has been published by the Scottish Government (link below) to help deal with the rising cyber risks.

Procurement are working with NHS 24 Information Communication Technology (ICT) and Senior Stakeholders to identify high risk areas and or services that require increased review, development and assurance that the service and its Supply Chain is Cyber Resilient.

A supplier assessment tool has been developed by the Scottish Government and key supply chain providers will be requested to confirm their position and capabilities in relation to Cyber Resilience.

Further information can be found at the following Scottish Government link;

[Cyber Resilient Scotland: strategic framework - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/strategic-framework-for-cyber-resilient-scotland/pages/strategic-framework-for-cyber-resilient-scotland.aspx)

(h) Whistleblowing

NHS24 Board is opposed to all forms of fraud, corruption and malpractice whether arising from within or outside the Board or from contractors. If staff, contractors or subcontractors have any concerns about suspected malpractice, NHS24 encourages them to raise the issue.

Managers of NHS24 will take all concerns seriously and wish to encourage all to report any suspected fraud or corruption.

(g) NHS Scotland collaborative working

We will continue to engage with all NHS Scotland Health Boards for any collaborative opportunities in order to use our resources as efficiently as possible. In addition to NHS Boards we will also seek any collaborative opportunities wherever these may be of value to our Board including wider UK agreements.

(h) Procurement & Commercial Improvement Programme (PCIP)

We recognise that the PCIP has fostered improved practice in public sector procurement, and we will aim to improve on the scores achieved during the next assessment that is expected within the next 12 months.

(i) Team development

In order to achieve the key priorities, set out above, we must continue to develop the skills of team members so that they have the capability to achieve these priorities and ensure that we continue to deliver a legally compliant service. We also must look to find innovative ways to recruit and train new members of staff recognising the current shortfall in these skills across NHS Scotland. We will work closely with other public sector bodies and further education institutions to maximise these opportunities. SAS procurement team includes a modern apprentice position that is key in the continuing development of procurement staff.

5. Policies

In this section, we set out our general policies on a number of key areas, together with a statement on how we will monitor these over the period of the strategy.

5.1 Our policy on the use of community benefits in our contracts

Community Benefit Clauses are contractual clauses which can be used to build a range of economic, social or environmental conditions into the delivery of public contracts. They can contribute to sustainable procurement and enable organisations to contribute to the achievement of outcomes which deliver social benefits.

These can include:

- Creating opportunities for supported businesses and third sector organisations to deliver public services
- Employment and training opportunities for the long term unemployed and disadvantaged individuals
- Creating opportunities for SMEs to deliver public services
- Environmental activities
- Support for community initiatives

The Shared Procurement Service will seek community benefits for all procurements valued at £4m and above in line with the requirements of the Procurement Reform (Scotland) Act 2014. In addition, we will consider the potential for community benefits for all regulated procurements (currently over £50,000 for goods and services, and £2m for works) and seek to obtain these where possible.

We will monitor the community benefits achieved and report this in our Annual Report on procurement activity.

5.2 Our policy on consulting and engaging with those affected by our procurements

The Procurement Service works with internal stakeholders and potential suppliers to help us to design our procurements. Internal stakeholders may include users of the goods or services, budget holders, senior management, subject matter experts or staff representatives. Stakeholder mapping is a component of the sourcing strategy that is developed for all regulated procurements.

We will record any complaints about failure to consult and report this in our Annual Report.

5.3 Policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements

NHS 24 supports the right of employees to earn a fair wage. The Board is not permitted to mandate the application of the Living Wage within its supplier community. However, we will work with suppliers through contract and supplier management, and through addressing fair work practices in procurement processes to encourage suppliers to pay the Living Wage within their staff structures. Suppliers will be asked about fair work practices, including the Living Wage, in future procurements where relevant. Key suppliers will be monitored through the contract management process.

5.4 Policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc Act 1974 and any provision made under that Act

NHS 24 has a policy for the Management of Contractors which is aimed at promoting compliance with the Health and Safety at Work etc Act 1974, and a broad range of other health and safety legislation. This policy is provided to contractors and they are required to comply with it. In addition, the Service uses standard NHS terms and conditions of contract which require contractors to comply with health and safety legislation, and provide remedies for any failure to comply with this. Key suppliers will be monitored through the contract management process.

5.5 Policy on the procurement of fairly and ethically traded goods and services

NHS 24 will consider the requirement for specifying fairly traded and ethically traded goods and services in relevant procurements on a case by case basis, as set out in its sustainable procurement policy. The shared service partners buy minimal amounts of goods and services that could have a fair trade or ethical trade implications, and most of these commodity areas would be covered by National Procurement framework contracts e.g. staff uniforms (cotton content), foodstuffs.

5.6 Policy on how it intends its approach to regulated procurements involving food to:

- improve the health, wellbeing and education of communities in the authority's area
- promote the highest standards of animal welfare.

NHS 24 promotes the use of National Framework Contracts to procure all food and therefore the requirement to undertake regulated procurements in respect of food and related provisions is rare. Any regulated procurement required in respect of food will reflect the requirements noted above.

5.7 Payment processes

- **the authority must set out how it intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice for**
 - contractors
 - sub-contractors
 - sub- contractors to sub-contractors

NHS 24 has policies on the Prompt Payment of Suppliers. These policies state that approved invoices will be paid within 30 days, although the Finance Department aim to achieve payment within 10 days.

In addition, the Procurement Service uses standard NHS terms and conditions of contract which require contractors to pay their sub-contractors within 30 days. If this does not occur, sub-contractors may apply to our Board for support to resolve the matter.

NHS 24 is required to comply with the NHS policy on 'No PO no pay' (i.e. invoices must quote purchase order numbers). Any Invoice without a valid purchase order number is returned to the supplier. The requirement for invoices to show order numbers is made clear in the NHS terms and conditions of contract.

6. Annual Procurement Report

The Procurement Strategy is implemented by means of annual work plans. Progress against the work plan is monitored by the Head of Procurement on an ongoing basis, and reported to key stakeholders within the Board on a quarterly basis.

The Procurement Reform (Scotland) Act 2014 required the Board to publish an annual report on regulated procurements annually. The Annual Procurement Report for 20/21 was signed off by the Finance & Performance Committee in June 2021 and sent to the Scottish Government for inclusion in their NHS Scotland reporting. It was also published on the NHS24 web site following final approval.

Each Annual report will contain.

- A summary of the regulated procurements that have been completed during the period covered by the report.
- A review of whether those procurements complied with this strategy for regulated procurements.
- Any regulated procurements that did not comply with this strategy for regulated procurements, a statement of how the Service intends to ensure that future regulated procurements do comply.

- A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period covered by the report.
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the period covered by the report.
- A summary of the regulated procurements that the Service expects to commence in the next two financial years.
- Details on how the procurement service pays due regard to equality and achieve the equality objectives in line with the Equality and Human Rights Commission guidance

7. Strategy ownership and contact details

The owner of this Strategy on behalf of NHS 24 is the Head of Procurement. The Strategy covers the period from July 2021 to June 2024 and will be subject to annual review.

The Strategy will be published on the NHS 24 website. Any amendments to this Strategy will be similarly published.

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