

**NHS 24
BOARD MEETING
20 JUNE 2024
ITEM NO 10.1
FOR ASSURANCE**

PROCUREMENT ANNUAL REPORT – 2023/24

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 for assurance.

Key Points for this Committee to consider

This is an annual reporting requirement from Scottish Government and the report is for financial year 2023/2024

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 at the Audit and Risk Committee on 6 June 2024.

It is presented to the Board for review 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.

Strategic alignment and link to Corporate Delivery Plan activity.

This is a report for assurance and publication focussing on 2023/24. Some of the procurements in this report relate to key deliverables such as digital transformation.

Key Risks

There are no key risks within the Procurement Annual Report. Risks associated with procurement of goods and services follow the normal risk process within NHS 24.

Financial Implications

The financial plan includes provision for procurement of goods and services required to deliver and develop the current services across NHS 24.

However, there are no specific financial implications associated with this paper.

Equality and Diversity

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.

1. RECOMMENDATION

- 1.1 The Board is asked to note the report for assurance 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 2023 Planning & Performance Committee for formal approval prior to publication. The current Procurement Strategy is in draft format with the intention of presenting at the next Planning & Performance Committee meeting in August 2024.
- 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 2023/24 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 switch of SMS provider (where NHS NSS 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.
- 2.5 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 2023/2024.

- 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 2023/24 NHS 24 had a total expenditure with 3rd party suppliers amounting to £19.3m. 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 assurance prior to publication.



Document Title:
Department:
Committee:

Annual Report 2023-24
Procurement
NHS 24 Audit & Risk

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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 2023 to 31st March 2024. 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 2024 – 31st March 2026).

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 £19,278,845 net of Vat (based on financial year 2023/24 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 2023/24

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

Provident C.R.M. Ltd

NHS24/2023/770 - Sugar CRM Licensing and Support Services

Direct award via the Crown Commercial Service's G-Cloud 13 Framework Agreement.

Sugar CRM licensing, AWS Hosting and Customisation and User Support

Cost: £318,031

YES

Awarded via a National Framework

Aon Assessments UK Ltd

NHS24/2023/713 - Recruitment Assessment Platform & Testing

Mini-Competition through the Scottish Government Digital Technology Services DPS (Dynamic Purchasing System).

Contract to design and create an Online recruitment, education and assessment platform for NHS 24 Clinical Supervisor and Call Handler personnel. Provide on-going support and user training.

Cost: £71,000

YES

Awarded via a National Framework

Edenred (UK Group) Ltd

NHS24/2023/763 - Cycle to Work and Childcare voucher scheme

Direct award through CCS RM6273 Employee Benefits and Services Framework.

Provides Cycle2work and childcare voucher scheme for employees.

Cost: £60,000

YES

Awarded via a National Framework

Connect Three Solutions

NHS24/2023/748 - Middle & Senior Leadership Development Programme Delivery

Awarded via a quick quote process.

To provide training to meet shifting needs, leaders will be required to think differently and adopt system thinking and distributed leadership approaches. Requirement to reinforce functional leadership competencies alongside values and environmental, social, and corporate governance policies and processes.

Cost: £66,900

YES

NHS 24 tendered. No specific community wealth building was required due to the contract value.

MPMH Construction Limited
NHS24/2023/738 – Office Fit Out Works at Forest Grove House, Aberdeen

Awarded via a tender process.

Necessitated by relocation of Aberdeen staff. To carry out light refurbishment office fit-out works of Rooms 4&5 of the first floor within Forest Grove House, Aberdeen to make usable as a contact centre.

Cost: £129,314

YES

Awarded via a National Framework

Resulting Ltd
NHS24/2023/690 - Strategic Partner supporting the Digital Transformation Strategy and Infrastructure Refresh

External support to guide NHS 24 through major software and infrastructure replacement programme. Including to replace the existing CRM and telephony system with a new, reliable, and flexible infrastructure platform which can act as an enabler to deliver NHS 24's strategic ambitions.

Cost: Estimated £1,000,000

YES

NHS 24 tendered. No specific community wealth building was required due to the contract value.

Vodafone
NHS24/2023/737 - Breathing Space Webchat Services

Direct award through Network Services 2 by purchasing the Storm licences through the NS2 catalogue for webchat services covering the Breathing Space service.

Cost: £65,982

YES

Awarded via a National Framework

Addleshaw Goddard
NHS24/2023/754 – Legal Services

Mini competition via framework: SP-22-011. Legal and Procurement support for digital transformation programme including procurement of integrated contact centre and customer relationship management software..

Cost: Variable estimated between £100k-£200k

YES

Awarded via a National Framework

Story UK Ltd
NHS24/2023/706 - Scottish Government Framework for the provision of Marketing Services

To assist the Communications Team with the following:

Campaign creative development and production

- Adverts - TV, radio, press,
- OOH, cinema, digital and BTL
- Branding changes/updates
- Event materials – banners/collateral
- Films and animations
- Award submissions

- Marketing consultancy
- Research

Cost: Estimated £130,000

YES

Awarded via a National Framework

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 2023 to March 2024 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 specific community benefits within the tender process.

Development and promotion of the community benefits aspect within all tendering procurements will progress into 2024 and beyond, with the continued inclusion of weighted and scored community benefit and sustainability scoring criteria.

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.

Our 2023 refreshed strategy describes the Procurement commitment to ensuring that the framework agreement will be utilised whenever appropriate, and consideration will be given to supported business contractors during each tendering exercise.

In addition, as an Anchor institution the Procurement team continues to promote the Supplier Development Programme aimed at Scottish Small and Medium Enterprises and 3rd sector suppliers and consideration is made within the tendering strategy process where we include the LOT structure. This ensures that SME's are not disadvantaged in the tendering process, with the provision of smaller volume / value and regional lots whenever possible.

The development of open drop-in sessions for suppliers to engage with the Procurement team to ask questions and for the Team to share best practice guidance on what is expected and required as part of the tendering process, is also being developed for implementation in 2024/25.

This will be promoted as part of engagement with the Supplier Development Programme.

PROPOSED REGULATED PROCUREMENTS 2024/25 AND 2025/26

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 Date	Annual Budget or Budget Allocation Go Live date	Start
CRM/CC software	£3.5m p.a	September 2024
Webchat	£50k	June 2024
Integrated Incident Risk Management & Patient Safety System	£50k	December 2024
	June 2025	
CMS/website hosting	£115k p.a.	May 2025
Data Warehouse**	TBC	TBC
Learning Experience Platform	£40k	January 2025
ICT – BT managed service contract*	TBC	TBC
		September 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. Business Cases are being prepared, the first of which is proposing to take services such as helpdesk and asset management in house thus no need for a procurement. This managed service contract is one reason the NHS 24 regulated procurements are lower than our overall non pay spend would indicate. As the bundling of services within this (and the current CC/CRM) contracts and any renewals or changes to services that fall within these contracts does not qualify under the definition of regulated procurements.

** Data Strategy is being worked up. This could result in procurement to ensure that NHS 24 can effectively report on data from various systems. However, options such as reporting directly from the new CRM/CC and then using the SEER platform are being explored.

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

An updated Procurement Strategy was presented at the August 2023 Planning & Performance Committee for their review, approval and publication. An update in 2024 will be presented for approval.

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

2023-24

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

9

b) Total value of regulated contracts awarded within the report period

£1,991,227

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

5

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

9

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

0

Benefit Requirements.

c) Total Number of regulated contracts awarded with a value of less than £4 million that contain a Community

0

Benefit Requirements

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.

2

c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated

5

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.

This initiative has now closed

6. Payment performance

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

4,820

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

91.2% of invoices by value.
Average was 18 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.

£19,278,845

b) Total procurement spend with SMEs awarded during the period covered by the annual procurement report.

£1,644,245

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 %

There were no collaborative contracts awarded in the period however there are many SLA with other Boards which shows collaboration.

- e) Total targeted cash savings for the period covered by the annual procurement report
£59,737
 - i) targeted cash savings for Cat A contracts
£25,090
 - ii) targeted cash savings for Cat B contracts
£0
 - iii) targeted cash savings for Cat C contracts
£34,647

- f) Total delivered cash savings for the period covered by the annual procurement report
£411k savings achieved in 2023/24 from the £23.18m non pay spend from procurements.
 - i) delivered cash savings for Cat A contracts
0
 - ii) delivered cash savings for Cat B contracts
0
 - iii) delivered cash savings for Cat C contracts
£411k

g) Total non-cash savings value for the period covered by the annual procurement report

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years
7

b) Total estimated value of regulated procurements expected to commence in the next two financial years

Circa £3.8m. However, value could double from ending of managed service contract & decision on how to replace. Decision on whether to retire, replace or bring in house services covered by the managed service contract at business case stage.

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.