



**NHS Orkney**

**Annual Procurement Report**

**April 2023 – March 2024**

**Date of Issue: Jan 2025**

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# 1 Purpose

The purpose of this annual report is to highlight NHS Orkney’s purchasing activities and to allow us to record and publicise our performance and achievements in delivering our procurement strategy. This report allows us to demonstrate to our stakeholders that our procurement spend is being used to support the Health Board corporate aims (Plan on a Page 2023/24 ) as follows:

The graphic is titled "NHS Orkney 2023/24 Plan on a Page" and features the NHS Orkney logo in the top right corner. On the left, there is a section for the "Chief Executive's Intent" and an "Action Plan". The main part of the graphic consists of five vertical columns, each representing a strategic priority: Workforce, Culture, Quality & Safety, Systems & Governance, and Sustainability. Each column contains a list of specific actions. The columns are connected by a central vertical line, and the background is a light purple color.

**Chief Executive's Intent.** The pressure on the NHS continues to grow, with few of the demands placed on the system in Orkney due to the pandemic abating. As a whole system we need to focus our efforts in the year ahead (2023/24) on priority areas that allow staff to deliver the best care and services to our local community. We must, however, be suitably ambitious, yet realistic and pragmatic, recognising that due to our size and resource constraints, we cannot do everything. This plan on a page aims to summarise the priority areas and detail the associated actions that will support our Covid recovery efforts and progress our continuous improvement in the year ahead.

**Action Plan.** Each priority is underpinned by a set of actions at an organisational level. NHS Orkney is supportive of these priorities being taken forward and translated to local actions, including being built into personal objectives for staff as appropriate.

This Plan on a Page has been developed by the Senior Management Team and endorsed by the Area Partnership Forum.

**Workforce**  
Workforce is at the heart of NHS Orkney and our local community. Now more than ever we face profound challenges, and we must take steps to retain the great staff we have through strengthened support and development conditions whilst attracting the best people to join us.  
Action 1. Acknowledge the range of pressures our workforce face personally and professionally and maximise support for them through a range of actions.  
Action 2. Invest in leadership and staff development.  
Action 3. Use the Healthcare Staffing Act to enhance to shape our actions in relation to staffing.  
Action 4. Support teams to review their roles, responsibilities and engage with others to promote shared learning and collaboration.  
Action 5. Use the Workforce Plan to support succession planning.  
Action 6. Explore how to strengthen our induction and onboarding process.  
Action 7. Build on learning from Covid, ensure wellbeing and resilience is central to our decision-making processes.

**Culture**  
Improving our Culture is at the heart of how we continue to develop as an organisation. It will help us to secure the future that places the needs of those we care for central to how we act, by listening to our users, empowering staff to act, making decisions in a fair and open way, valuing high quality care and building a sustainable future.  
Action 1. Use the key engagement forums such as Area Partnership Forum, agree how we will enhance communication internally (across) and outside our organisation.  
Action 2. Ensure our Clinical Strategy informs our strategic decision-making process.  
Action 3. Explore development opportunities for staff to support enhanced communication skills.  
Action 4. Work to ensure governance work is visible and meaningful to staff.

**Quality & Safety**  
Quality and Safety is critical to ensure we are delivering the best for those who need our care. Focusing on the experience of our patients and the outcomes they achieve will build confidence that we are delivering the highest quality care for our local community.  
Action 1. Use best guidance to ensure meaningful patient feedback mechanisms are in place which demonstrate that we listen, act and learn.  
Action 2. Empower staff to make changes to improve care.  
Action 3. Support staff to learn when things don't go as planned.  
Action 4. Continue to embed the Serious Adverse Events and learning from incidents process.  
Action 5. Explore where single points of failure exist what can practically be done to address them.  
Action 6. Ensure learning from the HSE visit is acted on and risk management is firmly embedded with visible leadership present in all teams.

**Systems & Governance**  
Systems and Governance supports everyone working in the organisation to know the way our work is aligned to our values, is fair and that decisions made will be consistent.  
Action 1. Continue our focus on strengthening governance processes across NHS Orkney services.  
Action 2. Empower staff to make decisions in a collaborative, open and transparent way.  
Action 3. Learning from Covid remains a priority, ensuring we are mindful of the wider impact on health and wellbeing across our community.  
Action 4. Services must not make patients suffer because we do not wish to change. We need to share information, collaborate and ensure an effective flow across organisational boundaries.  
Action 5. Build on the communication successes to grow our impact.  
Action 6. Strengthen training for leaders and managers to allow decision-making to take place at an appropriate level.

**Sustainability**  
Sustainability has to be a goal that we strive for, not only environmentally but also financially and from a workforce perspective. NHS Orkney has profound challenges that will require consistent and multi-year efforts to achieve sustainability.  
Action 1. Support the organisation to achieve a sustainable future by using the Clinical Strategy, Workforce Plan and Financial Sustainability Plans to inform and shape our decisions.  
Action 2. Use the Zero as a driver for change in our models of care.  
Action 3. Continue the progress of the multi-year financial recovery plan by getting ownership across the organisation.

As well as providing information on how we consult and engage with our stakeholders, alongside the procurement strategy, this annual procurement report is a key document in enabling informed engagement with our external or internal stakeholders, our strategic partners, suppliers and potential suppliers.

As detailed within our Procurement Strategy this report will focus on the NHS Orkney’s corporate expenditure, which is £17.864 million.

NHS Orkney also had a spend of £2.052 million on pharmaceutical products, mainly approved drugs, which is excluded from the corporate expenditure in this report.

## 2 Summary Against our Mandatory Requirements

### 2.1 Summary of Regulated Procurements

A regulated procurement is any contract procedure which is completed or where the award is published. This includes both contracts and framework agreements.

In accordance with the Procurement Reform (Scotland) Act 2014, any Public Contract of £50,000 or greater and any public works contract of £2,000,000 or greater is considered a Regulated Contract.

### 2.2 Summary of Procurements

The following tables summarise the regulated procurements in the period.

CONTRACT DESCRIPTION	CATEGORY	SUPPLIER	AWARD DATE	START DATE	END DATE	VALUE PER ANNUM
Patient Transport Services	Renewal	Single	Dec 2024	Jan 2025	TBC	£730,000
Decarbonisation Works – Year 1	One off	Single	March 2025	Apr 2025	TBC	£70,000
Decarbonisation Works – Year 2	One off	Single	March 2025	Apr 2025	TBC	£70,000

Within the period of this report NHS Orkney had 1 Call-Off from a Framework over the regulated spend value.

Within the corporate spend value NHS Orkney ordered £567,827 of products from the National Distribution Centre (NDC), which is the central store for all NHS Scotland Acute Health Boards of which £365,600 (64.4%) was covered by an approved national contract. This spend was contained within 65 national frameworks.

### 2.3 Collaborative Contracts

NHS Orkney has awarded a four year collaborative contract with NHS Shetland for the Provision of Patient Transport Services from Aberdeen Airport and/or Ferry Terminal to Aberdeen Hospitals.

### 2.4 Analysis of Non-Competitive Actions

NHS Orkney has some areas of spend above the regulated spend level that are not covered by a regulated procurement process.

Various Locum Agencies - It should be noted that due to Orkney’s geographical location and supply/ demand pressures for clinical workers it can be difficult to obtain locum cover and non-contracted suppliers are sometimes used to support the staffing needs.

Viridian – NHS Orkney awarded a contract to provide external support organisation following Scottish Government Financial escalation to Level 3.

## 2.5 Summary of Community Benefits

Within our Procurement Strategy we stated that NHS Orkney had a commitment to incorporate community benefits to improve the economic, environmental and social wellbeing of the Orkney Islands and we would use the recommended tools where appropriate.

- Scottish Public Procurement Prioritisation Tool.
- The Sustainability Test.

NHS Orkney has now gone live with the Community Benefits Portal. Discussions are ongoing with Public Health, SG Colleagues and the Third sector locally to promote locally.

## 2.5 Supported Business Summary

Within the report period NHS Orkney Procurement had no contracts with Supported Businesses locally or nationally. Procurement continues to review regulated procurements and include supported businesses wherever possible.

## 2.6 Future Regulated Procurement Summary

Below is a view of upcoming regulated procurements over the next 2 years NHS Orkney.

CONTRACT DESCRIPTION	CATEGORY	SUPPLIER	ANTICIPATED AWARD DATE	START DATE	END DATE	ANTICIPATED VALUE PER ANNUM
Lab Managed Services	Renewal	Single	Dec 2024	Jan 2025	TBC	£7,830,000
Direct Engagement	Renewal	Single	March 2025	Apr 2025	TBC	£70,000

## **3 Review of Regulated Procurement Compliance**

### **3.1 Introduction**

This section demonstrates how NHS Orkney procurement has contributed to the achievement of our specific objectives and to the general duties in the Procurement Reform (Scotland) Act 2014. Section 3.3 discusses our performance against the mandatory elements of our strategy while section 4 details how we performed against our key performance measures.

### **3.2 How we review our Regulated Procurements**

NHS Orkney Procurement observes the Procurement Journey methodology namely, Route 2 or Route 3, dependent on the value and requirements of the procurement.

Call off contracts are checked by the Procurement Department for compliance with regulations and policy before we enact these.

### **3.3 Delivering against our Mandatory Obligations**

This section reviews our performance against the commitments stated in section 6 of our Procurement Strategy.

#### **Regulated Procurements**

NHS Orkney is committed to ensuring all suitable opportunities are advertised to support businesses across Scotland in gaining access to our product and service requirements. As NHS Orkney will be advertising on and subsequently awarding on the PCS website the functionality of the site will automatically publish and maintain our contract register for public viewing.

#### **Delivery of value for money**

We committed to obtain value for money through best practice contracting and supplier management. Over the period we delivered £86,000 through local saving initiatives, rebates and call-offs from National Contracts

#### **Sustainable Procurement**

Where applicable for tenders NHS Orkney will use the *Scottish Public Procurement Prioritisation Tool* to test for environmental, this is required in any local tendering and is applied on call offs from National Contracts.

We committed to ensuring our procurement activity was optimised to the Scottish model of procurement. We did this by utilising central framework agreements from our Procurement Centre of Expertise (CoE), NHS National Procurement and Scottish Government.

The Procurement manager is now a member of the NHS Orkney Sustainability Group and any upcoming Procurements are discussed at this forum.

The Procurement team also attends the National Sustainability Group

### **Engaging with Patients**

The Procurement Manager attends the multi-agency travel ferry and plane travel meetings held by Orkney Islands Council to participate and elicit views and comments from the attendees focused on what is important to patients. This engagement helps ensure that Procurement remains aligned as far as possible with patient priorities. We will commit to attendance at this forum on an annual basis.

For appropriate national contracts NHS Orkney has the opportunity for representation on Commodity Action Panels where strategies and specifications for products and services are designed.

Patient feedback forms are provided and regularly reviewed for patients who use the Patient Transport Service

### **Engaging with Suppliers**

NHS Orkney have regular supplier meeting with key suppliers and KPI reporting is in place to monitor contract compliance.

### **Food Procurement**

NHS Orkney has in place a joint procurement arrangement with Orkney Islands Council.

### **Scottish Living Wage**

NHS Orkney Procurement includes an opportunity within tenders for Suppliers to advise if they meet the Scottish Living Wage.





## **4 Strategy Performance Review**

### **4.1 Key Measures**

Within our strategy our objectives were measured by five key performance measures. Our performance in this section will be reviewed against the target areas and the planned outcomes. The planned actions and performance are measured using monthly KPI reporting.

#### **4.1.1 NHS Orkney Procurement Key Achievements**

##### **Procurement Savings**

Procurement plays a key role in ensuring value for money across NHS Orkney. In the past 12 months the team achieved £46K of savings through the Procurement review Process and a further £40K achieved through national contracts and rebates.

The Procurement team will be engaging closely with the Improvement team to review other areas and projects to help deliver further savings.

##### **Spend with Contracted suppliers.**

NHS Orkney measure what proportion of their regulated procurement is placed through a compliant supplier and ensure that all regulated procurements are Published on the Contracts register on Public Contracts Scotland. Our trade spend for the last year with contracted suppliers was circa 85%

NHS Orkney had three suppliers on Managed service review in the last year and plan to increase this moving forward.

##### **Community Benefits**

NHS Orkney has worked closely with colleagues in Public Health to drive forward the community benefits portal with the portal going live to accept bids in this last year. This will help deliver support to the local communities and strengthen our community network with local groups.

##### **Local Supply Chains/ Collaborative Procurement**

NHS Orkney Procurement plays a vital role in maximising local spend. We continue to work closely with colleagues at Orkney Islands Council on our food procurement and meet quarterly to discuss current requirements and opportunities to collaborate further we can.

The Decarbonisation works on our estate has supported the growth and sustainability of local businesses with the contract being awarded to a local building contractor following a competitive tender process. NHS Orkney spent money with 63 local suppliers which accounted for 15.17% of our total spend and this will continue to be a key focus as we move forward as an Anchor Institution.

#### 4.2 Invoice payment performance

This is an area of major importance within the Procurement and Finance communities, with payment times measured and reviewed on a monthly basis. The table below details our performance against the 30 day target and the aspirational 10 day target across the full 2021/22 financial year and a comparison against 2020/21.

<b>Invoice Payment Performance</b>	<b>Target</b>	<b>Result 2023-24</b>	<b>Result 2022-23</b>
Invoice Payment Days (<10days)	75%	<b>73%</b>	<b>60%</b>
Invoice Payment Days (<30days)	90%	<b>87%</b>	<b>82%</b>

Work continues across the organisation and within the Accounts Payable department to improve processes and payment performance to bring them in line with targets.

## **5 Other Items of Note**

### **5.1 Procurement Structure**

The Procurement team sits under the Finance Directorate of NHS Orkney.

The key responsibilities of the team are detailed below.:

- Review / Establish / Maintain local standard Procurement procedures.
- Agree / Establish procurement objectives.
- Propose savings targets and KPIs to track performance and monitor performance.
- Participate and contribute to delivery of procurement objectives in compliance with Customer's governance and audit protocols.
- Engagement with key stakeholders to develop commodity strategies and maximise savings delivery through National and Local Contracts.
- Manage contract implementations to maximise savings delivery.
- Use of mandated systems (PCS and PCS-Tender) in the contract tendering process.

## **6 Report ownership & contact details**

In line with the Reform Act and to ensure our Annual Procurement report details our performance against strategy, this report will be subject to formal annual review and approval by the NHS Orkney Procurement Steering Group.



**Report Owner: Kirsty Francis**  
**Designation: Procurement Manager**  
**Email: [Kirsty.francis@nhs.scot](mailto:Kirsty.francis@nhs.scot)**  
**Telephone: 01856 888114**

## 7 Glossary

Term	Definition
Community Benefits	Community Benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social-economic and or environmental benefits.
Supported Business	An establishment where more than 50% of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market
Standing Financial Instructions	Details the financial responsibilities, policies and procedures adopted by NHS Orkney. They are designed to ensure that financial transactions are carried out in accordance with the law and government policy in order to achieve probity & accuracy.
<b>Official Journal of the European Union</b>	This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation, must be published.
<b>The Sustainable Public Procurement Prioritisation Tool</b>	A tool to aid all procuring organisations across the Scottish Public Sector, it has been designed to bring a standard structured approach to the assessment of spend categories. <a href="https://www2.gov.scot/About/Performance/scotPerforms/partnerstories/SustainablePublicProcurementPrioritisationTool">https://www2.gov.scot/About/Performance/scotPerforms/partnerstories/SustainablePublicProcurementPrioritisationTool</a>

## 8 Annual Procurement Report template

The following table has been populated in line with Scottish Procurement policy advice SPPN 4/2019

<b>1. Organisation and report details</b>	
a) Contracting Authority Name	NHS Orkney
b) Period of the annual procurement report	Apr 23 - Mar 24
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes
<b>2. Summary of Regulated Procurements Completed</b>	
a) Total number of regulated contracts awarded within the report period	3
b) Total value of regulated contracts awarded within the report period	£870,000.00
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	0
i) how many of these unique suppliers are SMEs	0
ii) how many of these unique suppliers how many are Third sector bodies	0
<b>3. Review of Regulated Procurements Compliance</b>	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	3
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
<b>Use of Community Benefit Requirements in Procurement:</b>	
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
<b>Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:</b>	
d) Number of Jobs Filled by Priority Groups ( <i>Each contracting authority sets its own priority groups</i> )	0
e) Number of Apprenticeships Filled by Priority Groups	0
f) Number of Work Placements for Priority Groups	0
g) Number of Qualifications Achieved Through Training by Priority Groups	0
h) Total Value of contracts sub-contracted to SMEs	unknown
i) Total Value of contracts sub-contracted to Social Enterprises	unknown
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	0

<b>5. Fair Work and the real Living Wage</b>	
a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	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.	0
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	0
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	0
<b>6. Payment performance</b>	
a) Number of valid invoices received during the reporting period.	12,655
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	60%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	0
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0
<b>7. Supported Businesses Summary</b>	
a) Total number of regulated contracts awarded to supported businesses during the period	0
b) Total spend with supported businesses during the period covered by the report, including:	0
i) spend within the reporting year on regulated contracts	0
ii) spend within the reporting year on non-regulated contracts	0
<b>8. Spend and Savings Summary</b>	
a) Total procurement spend for the period covered by the annual procurement report.	£17,864,000
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	unknown
c) Total procurement spend with Third sector bodies during the period covered by the report.	unknown
d) Percentage of total procurement spend through collaborative contracts.	85%
e) Total targeted cash savings for the period covered by the annual procurement report	£86,000
i) targeted cash savings for Cat A contracts	£0
ii) targeted cash savings for Cat B contracts	£40,000
iii) targeted cash savings for Cat C contracts	£46,000
f) Total delivered cash savings for the period covered by the annual procurement report	£0
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	£0
g) Total non-cash savings value for the period covered by the annual procurement report	0
<b>9. Future regulated procurements</b>	
a) Total number of regulated procurements expected to commence in the next two financial years	2
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£7,900,000

## DOCUMENT CONTROL SHEET:

### Key Information:

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Contact:	kirsty.francis@nhs.scot
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V1	28/11/2024	Initial Version	Kirsty Francis
V2	31/12/2024	Reviewed	Brian Steven
V3	16/01/2024	Final Revisions	Kirsty Francis

**Approvals:** This document requires the following signed approvals.

NHS Orkney Finance and Performance Committee

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