



Annual Procurement Report 2023-2024

Contents

- 1. Introduction 3
- 2. Review of Reporting Period 4
 - Anchor Institute 4
 - Living Wage Accreditation 4
 - Community Benefits 5
 - Supported Businesses 6
 - Payment Performance 6
 - Climate Change 6
- 3. Spend 9
- 4. Reporting 10
 - Annual Report 10
 - Communication 10
 - Ownership 10
- 5. Regulated Procurements 11
 - Completed Regulated Procurements (2023/24) 11
 - Future Regulated Procurements (2024/25) 11
- 6. Reporting Metrics 12

1. Introduction

The Procurement Reform (Scotland) Act 2014 requires Public Sector bodies with a trade spend in excess £5m per annum to publish an annual report after the end of each financial reporting period which covers all regulated procurements and other information as specified by the Scottish Government.

This report covers the reporting requirements for NHS Fife from 1 April 2023 to 31 March 2024.

The procurement function forms a key part of NHS Fife in contributing to optimising the resources available for delivering health priorities and high-quality patient care. The NHS Fife Procurement Department is part of the Finance Directorate, reporting to the Director of Finance & Strategy, who is an Executive Member of the NHS Fife Board. Effective oversight is provided through the Procurement Governance Board which in turn reports to the Finance, Performance and Resources Committee.

NHS Fife have a small procurement team (headcount of 14); however this number has significantly increased from a headcount of 10 (40% increase) in 202/23, due to a strategic focus on the development, restructuring and recruitment to the funded establishment during 2023/24. The team are responsible for the full range of procurement services across the Board, including provision of support and advice to delegated procurement areas and facilitating the total non-pay spend of £350m across a combination of local and collaborative contracts.

In addition to negotiating and arranging strategically important contracts for a wide variety of goods and services, the department also provide operational procurement services, ensuring the right products get to hospitals and other healthcare settings at the right time, supporting the Board in its objective to provide Quality, Patient and Value-Based Health and Care.

To illustrate this further, over the financial year 2023/24 NHS Fife Procurement:

- **Saved NHS Fife £807k.**
- **Managed over 95,064 purchase orders.**
- **Managed over 8,177 customer interactions via our Procurement Helpdesk.**
- **Managed 1,970 suppliers.**
- **Managed 150,031 invoices.**

The Annual Procurement Report should be read in conjunction with our [Procurement Strategy](#), which details our plans for the years ahead.

2. Review of Reporting Period

Throughout 2023/24 the significant global supply chain issues and inflationary pressures have created considerable service and financial pressures for NHS Fife. As a result the Procurement Team has had to demonstrate significant flexibility and considerable resilience to support and mitigate where possible the prominent risks faced across the Board.

The achievement of the savings figures illustrated above, has required significant resource and knowledge to navigate a marketplace where price volatility continues to be widespread.

The Procurement Team continue to prioritise the investigation of any savings opportunities identified through contract renewals, whilst also undertaking additional in-depth procurement analysis to ascertain any efficiencies that may be implemented in conjunction with the service.

This section of the Procurement Report will look at some key milestones over 2023/24.

Anchor Institute

NHS Fife continues to progress its ambitions as an Anchor Institute and has implemented a Programme Board to consider and develop ways that it can further use its influence to enhance the benefits for the population of Fife. Procurement forms a key dimension of the NHS Fife Anchor Strategic Plan that was developed in 2023/24, and the Procurement team has a significant role to play, using and increasing its considerable influence by:

- Routinely monitoring and analysing local spend, to support the enhancement where possible.
- Enabling Local SME's, social enterprises and supported businesses to submit proposals.
- Carrying out engagement with local suppliers on contract opportunities and requirements.
- Including Community Benefit clauses in all competitive tenders of £50k and above.
- Including Fair Work clauses within contract T&C's
- Consideration of wider social, health and environmental issues during procurements

Living Wage Accreditation

Procurement led on the awarding of the living wage accreditation for NHS Fife. Engaging with applicable suppliers to ascertain current employee pay status and to ensure future obligations in maintaining living wage accreditation are aligned. NHS Fife was officially accredited as a living wage employer in August 2023 by Living Wage Scotland.

Living Wage accreditation formally recognises and celebrates employers who choose to go further than the government minimum for all staff and contract workers.

The real Living Wage is an independently calculated rate based on the cost of living and is paid voluntarily by employers. The rate is calculated annually by The Resolution Foundation on an analysis of

the wage that employees need to earn in order to afford the goods required for a decent standard of living – this includes housing, childcare, transport and heating costs.

Community Benefits

Community Benefits clause ensures that the successful supplier(s) will be required to deliver Community Benefits in support of the authority’s economic and social objectives. The Procurement Reform (Scotland) Act 2014 requires the Board to ensure that for all contracts of £4m or above that they have considered whether to impose a community benefit requirement as part of the procurement.

Community groups are encouraged to submit requests that align with NHS Fife’s priority themes of, reducing health inequalities, contributing to anti-poverty work, improving health and wellbeing and responding to climate emergency.

The requirement to consider Community Benefits clauses, is extended to all relevant procurement activities, including regulated procurements of £50k or above and suppliers are encouraged to register and accept appropriate NHS Fife identified Community Benefits via the [NSS Community Benefit Gateway](#).

Community Benefits delivered during 2023/24 include:

Contract	Supplier	Community Benefits
Non-Domestic Energy Efficiency Project	Asset Plus	<p>Employment & Training</p> <p>Provision of a structured development day sessions on the NDEEF programme for suitable apprentices to attend and invites to local colleges or universities for suitable attendees – minimum of 5.</p> <p>Training provision to incumbent NHS Fife maintenance teams on new ECMs installed.</p> <p>Provision of construction specific work placements (advertised with local employment projects) and liaison with local colleges or universities – Minimum of 2.</p>
Non-Domestic Energy Efficiency Project	Asset Plus	<p>Community & Education</p> <p>Fife public education sessions on the importance of improving energy efficiency of homes and adopting new energy efficient behaviours, which are key elements in reducing levels of fuel poverty.</p> <p>* Donation and demonstration on the operation and installation of Electronic Digital Timers.</p>

		* Donation and demonstration on the operation and installation of Radiator Reflectors.
Non-Domestic Energy Efficiency Project	Asset Plus	<p>SMEs & Third Sector Workshops</p> <p>Advertising contract opportunities, via 'Meet the Buyer' event held in Fife and placement of opportunities through Public Contracts Scotland as well as any local media channels as agreed with NHS Fife.</p> <p>Creation and delivery of sub-contract opportunities; Scaffolding, Painting & Decorating, H&S Audits, Insulation, ASHP maintenance, and Solar PV cleaning.</p>

Supported Businesses

A supported business is an organisation where more than 50% of the workers are disabled persons who are unable to take up work in the open labour market. Contracting Authorities may restrict participation in a regulated Procurement to a business identified as a supported business.

NHS Fife continues to review all opportunities to engage with Supported Businesses. For this period no regulated procurements have been restricted, however NHS Fife engaged with the following Supported Businesses:

Supported Business	Spend	Product/Service
Matrix	£17,754	Furniture and Re-upholstery Services

Payment Performance

Through implementation of improved invoice processes and staff development, the Procurement Team has supported a significant improvement of the Boards payment performance to suppliers, which is also a key metric for delivering our Anchor Institution ambitions. The table below demonstrates the progression between financial years 2022/23 and 2023/24:

	2023/24	2022/23
Average Number of Days credit taken	15	19
Total Number of Invoices	150,031	147,265
% of invoices paid within 30 days (Contractual Payment Policy)	92%	87%
% of invoices paid within 10 days (Aspirational Target)	81%	61%

Climate Change

During 2023/24 the Procurement Team have had a specific focus on environmental sustainability, collaborating with the Sustainability Team to introduce and embed considerations across all relevant procurement activities.

NHS Fife has been raising awareness on the impacts of climate change and what could be done to support the Boards net-zero journey. Several actions have been taken to date to introduce climate adaption measures including:

Action	Activity
Resource	<p>Established a dedicated Sustainability Team:</p> <p>Over the course of 2023, the sustainability team has expanded to three full-time staff, dedicated to addressing sustainability across the Board, including managing the net-zero journey and annual climate reporting. With plans for 2024/25 to recruit 2 interns to support implementation of an Environmental Management System.</p> <p>Procurement and Sustainability Teams:</p> <p>Developing Procurement and Sustainability Teams collaborative working approach to share relevant information around sustainability and efficient use of resource, knowledge and skills, to ensure comprehensive consideration of environmental sustainability during procurement activities.</p>
Policies & Strategies	<p>Greenspace Strategy:</p> <p>Published Greenspace Strategy and started to engage stakeholders and community organisations in the process of diversifying and transforming our green spaces into, biodiverse healing areas for patients and staff, community allotments, orchards and much more. So far, we have planted 12 oak trees across the estate, with further projects being scoped for 2024/25.</p> <p>Environment Management Policy:</p> <p>Developing an Environmental Management policy to enable the Board to take further action to limit impacts on the environment and contribution to climate change, while incorporating environmental sustainability at every level of the organisation.</p> <p>The Policy will aid the board in assessing its environmental responsibility across departments such as procurement, estates and clinical services, to facilitate delivery of a sustainable health service that achieves its legal obligations and environmental objectives.</p>
Awareness	<p>Increasing awareness across the organisation:</p> <p>Sustainability officers have worked with the Communications department to raise awareness about schemes and events such as</p>

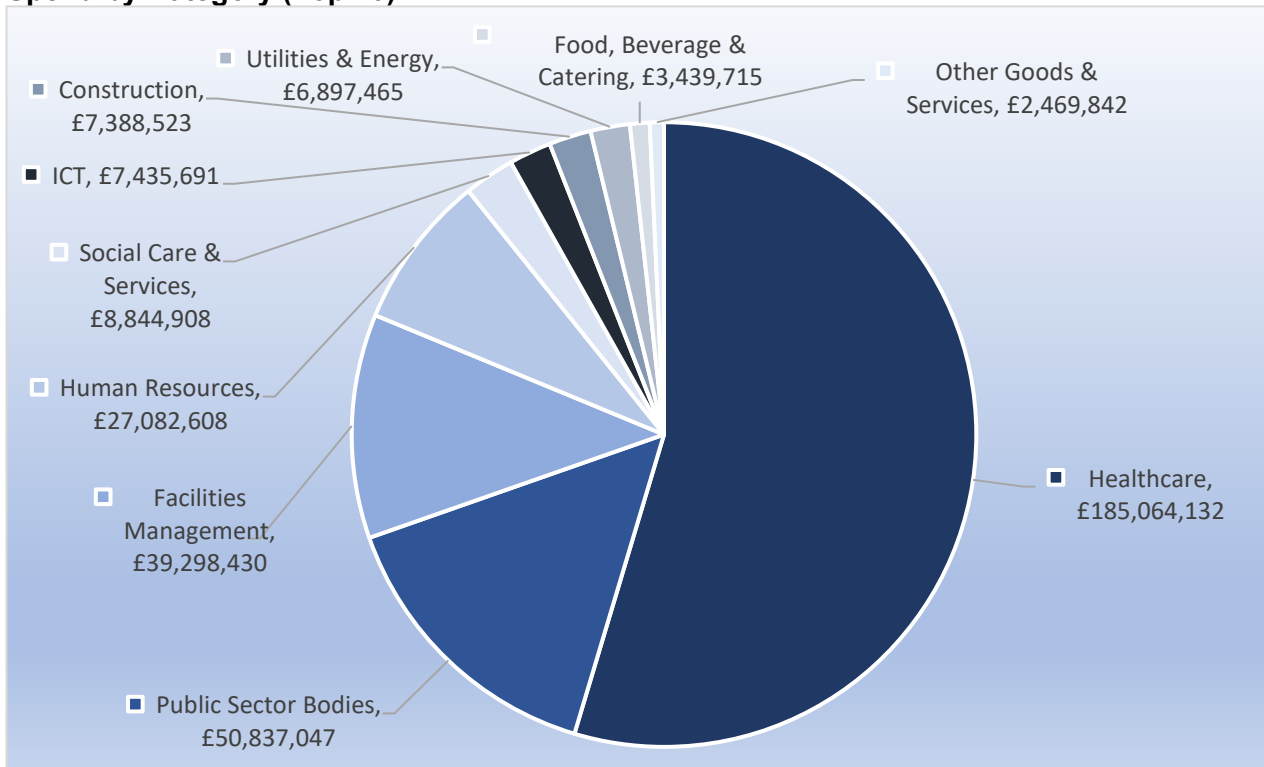
	<p>earth day and promoting active travel to employees. This information is sent in regular updates to all employees and on the staff website Blink.</p> <p>A Sustainability Hub section has been created on blink which is updated monthly and provides information on sustainability related news for staff based on the key areas in the NHS Scotland climate emergency and sustainability strategy.</p> <p>All relevant Procurement staff have completed the Scottish Governments Climate Literacy training to enhance knowledge and skills.</p>
Specific Projects	<p>Mobility Ways Partnership:</p> <p>Our partnership with Mobility Ways provides access to the UK’s largest car-share platform - Lift Share and gives staff personalised travel plans that are sustainable and to help lower emissions.</p> <p>LED Lighting:</p> <p>We invested £500,000 on the purchase and installation of LED lighting across NHS Fife.</p>
Circular Economy	<p>Warp-It:</p> <p>Warp-it was rolled out across NHS Fife in 2023/24 to support a circular economy approach and provide financial and environmental benefits associated with such an approach. During 2023/24 the following benefits were identified by repurposing and reusing products rather than purchasing new:</p> <p>CO2 Saved (kg) – 5465</p> <p>Waste Diverted (kg) – 2277</p> <p>Trees Planted (equivalent) – 2</p> <p>Admin Costs Saved – £2,850</p> <p>Replacement Costs Saved – £8,768</p> <p>Waste Costs Saved – £182</p> <p>Total Saved – £11,800</p>

3. Spend

In 2023/24, NHS Fife had a total non-pay spend of £350 million. Driving best value from this expenditure is through a combination of, Category Management, Market Intelligence, Supplier Negotiation, Stakeholder Influencing, Economies of Scale, Innovation, National and Local Contracts.

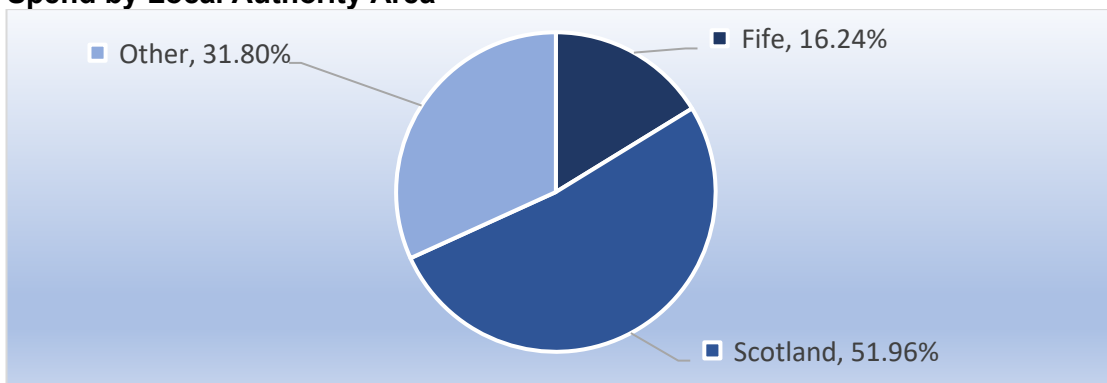
The majority of the non-pay spend is procured through public sector frameworks and contracts already carried out nationally on the Boards behalf and these include National Procurement, Scottish Government and Crown Commercial Services Frameworks.

Spend by Category (Top 10)



What is spent is as important as where it is spent. The Procurement Team, carry out the procurement activities for products and services out with national contracts, giving consideration where relevant the principles of an Anchor Institute, to harness the power of Procurement and to support the health and wellbeing of the Fife population.

Spend by Local Authority Area



4. Reporting

Annual Report

This Annual Procurement Report and the Procurement Strategy are required to be published on the NHS Fife website as set out in the Procurement Reform Act 2014.

This Annual Procurement Report has been prepared by the Head of Procurement and reviewed by the Procurement Governance Board for approval by the NHS Fife Board after endorsement from the Finance, Performance and Resources Committee.

Communication

The Annual Procurement Report and Procurement Strategy are shared with all members of the Procurement Team, in addition to being published on the NHS Fife website as set out in the Procurement Reform Act 2014.

Ownership

The Annual Procurement Report and Procurement Strategy are owned by the Head of Financial Services & Procurement.

5. Regulated Procurements

In accordance with the Procurement Reform (Scotland) Act 2014, any public contract (other than a public works contract) of £50k or greater and public works contract of £2m or greater is considered a Regulated Contract. A regulated procurement is any procedure carried out by a contracting authority in relation to the award of a proposed regulated contract which is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes both contracts and framework agreements. All regulated procurements are required to be published on the Public Contracts Scotland Portal.

Completed Regulated Procurements (2023/24)

A summary of the regulated procurements completed for NHS Fife in 2023/24 along with the prior year comparison are shown below:

Regulated Procurements	2023/24	2022/23
Number of contracts awarded	6	11
Total Contract Value	£2,742,597	£1,991,255

Details of the regulated procurements completed for NHS Fife in 2023/24 are included below:

Title	Value	Supplier
Dental Chairs	£1,559,280	Wrights Dental
GP Services (Three Medical Practices)	£500,000	AMG
Alterations to Path House Medical Centre	£368,964	Ashwood Scotland Limited
Liberty Portal Contact Centre & Subscription Service	£150,283	Netcall Technology Limited
Cameron Estates Minor Works Package	£104,070	Hatrick Bruce Limited
Refinancing - Legal Services	£60,000	CMS Cameron McKenna Nabarro Olswang LLP

Future Regulated Procurements (2024/25)

The following table sets out the regulated procurements which are expected to be undertaken by NHS Fife in 2024/25:

Title	Estimated Value	Estimated Start Date
Urgent Care Response Unit Transport Services	£1,600,000	August 2024
GP Services (Four Medical Practices)	£500,000	March 2025
Translation Services	£250,000	TBC
Bed/Mattress Hire	£199,000	TBC
Renal & Discharge Transport Services	TBC	TBC
Security Systems	TBC	TBC
Orthotic Services	TBC	TBC
Coffee Equipment and Sundries	TBC	TBC

6. Reporting Metrics

1. Organisation and report details	
a) Contracting Authority Name	NHS Fife
b) Period of the annual procurement report	2023/24
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? <i>(Yes / No)</i>	Yes
2. Summary of Regulated Procurements Completed	
a) Total number of regulated contracts awarded within the report period	6
b) Total value of regulated contracts awarded within the report period	£2,742,597
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	6
i) how many of these unique suppliers are SMEs	6
ii) how many of these unique suppliers 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	6
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 Community Benefit Requirements	1
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)	Not Recorded
e) Number of Apprenticeships Filled by Priority Groups	Not Recorded
f) Number of Work Placements for Priority Groups	Not Recorded
g) Number of Qualifications Achieved Through Training by Priority Groups	Not Recorded
h) Total Value of contracts sub-contracted to SMEs	Not Recorded
i) Total Value of contracts sub-contracted to Social Enterprises	Not Recorded
j) Total Value of contracts sub-contracted to Supported Businesses	Not Recorded
k) Other community benefit(s) fulfilled	7 (see section 2)

5. Fair Work and the real Living Wage

- a) Number of regulated contracts awarded during the period that included a Fair Work First criterion.
- 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.
- c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract during the period.

6
6
2

6. Payment performance

- a) Number of valid invoices received during the reporting period.
- b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)
- c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.
- d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.

150,031
92%
6
Not Recorded

7. Supported Businesses Summary

- a) Total number of regulated contracts awarded to supported businesses during the period
- b) Total spend with supported businesses during the period covered by the report, including:
- i) spend within the reporting year on regulated contracts
- ii) spend within the reporting year on non-regulated contracts

0
£17,754
0
£17,754

8. Spend and Savings Summary

- a) Total procurement spend for the period covered by the annual procurement report.
- b) Total procurement spend with SMEs during the period covered by the annual procurement report.
- c) Total procurement spend with third sector bodies during the period covered by the report.
- d) Percentage of total procurement spend through collaborative contracts.
- e) Total delivered cash savings for the period covered by the annual procurement report
- f) Total non-cash savings value for the period covered by the annual procurement report

£350,459,044
£68,499,169
£1,007,637
52%
£807,067
0

9. Future regulated procurements

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

7-10
TBC