



NHS National Procurement



Procurement Strategy
2021 – 2026



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1. Introduction / Executive Summary

NHS National Procurement (National Procurement), a business unit within National Services Scotland (NSS), is the largest public procurement organisation in Scotland. Our breadth of activity covers £1.48 billion spend across 348 collaborative contracts for NHSScotland (NHSS).

Not only do we manage strategically important contracts and suppliers, we also provide a nationwide supply chain and logistics service incorporating warehousing and final mile delivery. Until recently primarily serving our acute healthcare sector however services were rapidly expanded to cover primary care, social care and carers to deliver essential products to our front-line colleagues as part of our response to Covid19 emergency.

Over the past 12 months National Procurement, along with the rest of NHSScotland has experienced unprecedented demands on our services and staff due to the Covid-19 pandemic. In order to meet this demand, we had to re-assign many of our staff to the sourcing and supply management of pandemic products and services whilst putting some of our business as usual activities on hold. This response has reinforced the essential services National Procurement provides and underlines our credentials as being the provider of ultimate resilience for Health and Social Care (H&SC) across Scotland.

By means of illustration; throughout the pandemic we have:

- Developed over 300 contracts (£600m) directly supporting Scotland's response to the Covid 19 emergency
- Sourced and shipped well over 1 billion items of PPE across Health and Social Care in Scotland.
- Created ICU surge capacity equivalent to 720 additional beds and consumables
- Sourced and managed supply of critical care pharmaceuticals
- Equipped and stocked the NHS Louisa Jordan temporary hospital
- Provided equipment, consumables and reagents for Scotland Laboratory testing capacity and community / in-home testing capability
- Co-ordinated supply and distribution of Scotland's Covid-19 Vaccine allocation and distributed associated consumables
- Established long-term warehouse and distribution capacity for Scotland's pandemic stocks.
- Procured digital solutions to support the response to the pandemic and the redesign of Scotland's health services to enable social distancing and remote working.
- Established a storage and distribution solution for Scotland's pandemic stock of pharmaceuticals.

We did this to ensure our front-line colleagues, NHSScotland and our wider H&SC patients and citizens had the necessary equipment and products to both provide and receive the best of care available.

But now it is time to refocus our priorities on recovery activity and to support NHSScotland in delivering the best of care to all of its patients and our broader H&SC services.

We will do this through aligning this strategy and the yearly Annual Operating Plan with the NHSScotland and National Services Scotland (NSS) remobilisation priorities;

- Living with COVID-19
- Delivering essential services
- Longer term priorities

This approach allows us to maintain our response to the pandemic whilst transitioning our activity back to our core business and supporting us as we develop our services to meet the new supply landscape we find ourselves in as a result of market shifts due to Covid 19 and the end of the EU withdrawal transition period.

This strategy sets out the procurement objectives of National Procurement over the period of 2021-2026. There is more of an emphasis on the next 12 months, necessitated by the huge changes brought upon us by Covid-19 and Brexit. We will use the next 12 months to fully recover and to set ourselves up for the longer term.

National Procurement will deliver its vision and strategy through 4 underpinning values that drive our culture:

- Customers at the heart
- Improve the way we do things
- Increase our services impact
- Be a great place to work



2. Procurement Vision / Mission Statement

2.1. National Procurement Vision

Be the 'go to' Procurement expertise for health and social care, delivering Commercial and Supply Chain Solutions for the people of Scotland which are sustainable, best value and high quality.

2.2. National Procurement Purpose

To deliver sustainable and innovative commercial and supply chain solutions that have a positive impact on Scotland's patients, citizens and our economy.

2.3. National Procurement Mission

To support the health and wealth of Scotland by delivering services and solutions which stimulate equality and economic growth.

To ensure the continuity of supply, providing goods and services where they are needed, when they are needed.

To embrace emerging technologies and digital solutions to create a commercial function fit for the future.

To add value in all that we do, creating opportunities to deliver financial and wider economic benefits from our services.

To ensure the positive impact on patients is a key factor in our commercial decision making.

To ensure the highest levels of transparency and controls for the use of the public funds entrusted to us.

3. Strategy Rationale / Context

3.1. Overview

NHS NSS is a national organisation operating at the heart of NHSScotland and the wider public sector. As the Procurement Centre of Expertise for Health, National Procurement's focus is to take care of national scale supply of products and services on behalf of Health and Social Care in Scotland; through compliant commercial contract management, alongside centralised supply chain and logistics services.

By creating national solutions and efficiencies National Procurement allows our Health and Social Care colleagues to focus on local arrangement for providing the highest level of care to our population.

The purpose of this strategy is to document how National Procurement will support NHSScotland and our wider H&SC to provide its services to our country's population.

In early 2020 the Covid-19 pandemic struck Scotland; the impact of the pandemic had and continues to have major implications for NHSScotland; National Procurement is no exception. This strategy has been refreshed with this in mind, which will inform our near term priorities, setting these within a five-year framework.

3.2. Our Five Year Vision

- **Strategy and Capacity:** We will re-set the NHSS Procurement Strategy together with a 5-year Digital Technology Road Map. To enable this, we will complete our redesign of National Procurement; embedding staff development, commercial excellence and approved business case developments
- **Resilience:** The experience over 20/21 has reinforced the need for a 'Once for Scotland' approach to resilience. National Procurement will lead on embedding Health & Social Care resilience national stock strategies as well as leading NHSScotland through the end of EU withdrawal transition period – consolidating and embedding post transition procurement regulations and strategies.
- **National Stock Efficiency:** Digital technology and solutions are essential to the effective delivery of our supply chain services and allow our services to become a key enabler for patient safety and experience. We will focus our attention on implementing a new Materials Planning system; embed GS1 in the top 5 Health Boards; Implementing the full Hospital Inventory Management system and completing the refresh of the NDC Warehouse Management System.
- **Commercial:** We will re-set our commercial resources to build our capability on a one-team basis. Utilising our expert commercial skills to delivering best value to our Health & Social Care both from our national contracts and our national warehouses. We will prioritise Category Management ensuring our resources are focused on pre and post contract activity and we will lead on Scottish Industry capacity development.
- **Service development:** National Procurement will reaffirm its place as the Centre of Expertise of procurement for NHSScotland. We will create capacity and focus to allow time to consider and develop the Next Generation of procurement strategies, systems and commercial structures to deliver transformational solutions for our Health & Social Care services
- **Sustainability:** National Procurement will lead on the creation of sustainable solutions for our Health & Social Care services. Delivering tangible outcomes for commercial, social and environmental sustainability. We will establish a transformation T-Map to 2025 and 2035 and embed Social Value outcomes in 90% of all awards over £1m. We will establish an NHSScotland Sustainable Procurement workstream to create co-commissioned initiatives to deliver on net zero targets.

3.3. Legislative Framework

As the UK develops its post BREXIT regulations, our Procurement processes must continue to comply with the following two key pieces of procurement legislation;

- The Public Contracts (Scotland) Regulations 2015 (Procurement Regulations) and;
- The Procurement Reform (Scotland) Act 2014 (the Reform Act).

These legal 'rules' are embedded in our processes to ensure compliance in procurement activity and NSS financial structures which are used to inform our non-procurement colleagues on how commercial contracts should be enacted.

National Procurement as the Centre of Procurement Expertise for NHSScotland will support NHSScotland's procurement community in understanding and adopting new regulations and legislative requirements which will come into force over the period of this strategy.

4. Strategic aims, objectives & key priorities

4.1. NHS NSS Remobilisation

As the Centre of Procurement Expertise for Health, National Procurement must ensure its priorities fully align to those of NHSScotland, our Health Boards and the wider H&SC requirements. Our teams will continue to work closely with colleagues across NHSScotland, Scottish Government and H&SC to support and collaborate on co-commissioned solutions to deliver on our ambitions. The priorities in this section should be understood in this context. In common with the rest of NHSScotland our clear priority is to recover from the effects of the Covid-19 pandemic. Specifically, we are focused around the following three priorities;

- **Living with COVID-19**
- **Delivering essential services**
- **Longer-term priorities**

Primarily these priorities are focused on the upcoming 12 months, however we have also balanced the short and long term by ensuring we take immediate action on multi-year ambitions through the longer-term priorities work:



4.2. Remobilisation Priority 1: Living with COVID-19

Key 'Living with Covid' activities

The NSS Remobilisation plan sets out high level priorities for NSS business units. National Procurement services play into many of these in the support we provide as well as specific activities. The key 'Living with Covid' activities that National Procurement is currently supporting and will continue to prioritise include:

- UK Government Testing Programme
- National Contact Tracing Centre
- COVID-19 Vaccination Programme
- Digital Solutions
- National Infection Prevention Control and COVID-19 PPE Supply
- Critical Care Treatment Capacity

Embed Health & Social Care service expansion and resilience national stock strategies

As part of our response to the pandemic we have added new warehouse capacity which is fully staffed and operated by our own workforce. We will ensure all new warehouses are incorporated onto standard processes and systems providing full visibility and standardisation across our service, we will continue to work closely with partners across the sectors and with our wider value chain to underpin our Health & Social Care best value offering.

The new warehouse capacity will be embedded into our National Distribution Service. We will build best practice and effective operational efficiencies across our warehouses including the warehouse services provided by National Procurement to Scottish National Blood Transfusion Service (SNBTS)

National Stock Efficiency; using technology to drive effective stock management

Pivotal, to ensuring we can maintain our support of Health & Social Care during the pandemic and beyond we will have a fully effective and integrated systems approach to managing our business as usual and pandemic response stocks. We are delivering a new NHSScotland Inventory Management Systems as well as upgrading our national Warehouse Management Systems. We are continuing to lead on the implementation of single system solutions covering Purchase-2-Pay and catalogue management.



4.3. Remobilisation Priority 2: Delivering essential services

Establish capacity to deliver next generation procurement solutions

Next Generation Procurement is about our ability to develop and create the next generation of procurement strategies, technologies and skills to support NHSScotland's Health and Social Care services respond to the post Covid-19 landscape and continue to help deliver a sustainable health service.

As a national service it is essential that National Procurement continues to lead on this and build the procurement solutions our Health Boards need. National Procurement needs to provide the capacity for NHSScotland to develop its procurement solutions and capability. Health Boards are often small teams with limited capacity to resource beyond operational priorities. National Procurement can harness the knowledge of Health Board teams but add the capacity to take forward new ideas on behalf of all and lead on 'Once for Scotland' implementation.

This is at the heart of the National Procurement strategy to provide the capacity and expertise as the 'go to' solution service and to achieve a status of highly valued exceptional service.

Deliver commercial solutions utilising National Procurement expertise and support economic recovery

Working on a wider 'commercial with a social and health outcome bias', we will drive benefits for Scotland on a whole system basis. Our systems will ensure we take account of the full benefits our buying activity can generate for our population. We will work closely with Scottish Government and other Public Sector bodies to help shape and enable this outcome.

Deliver year on year impact to NHS Scotland's bottom line

Through our activities and unique ability to capture the power of NHSScotland procurement we will secure best value from commercial activity and make these available to NHSScotland underpinning a sustainable Healthcare system.

Maintain and grow commercial influence

We will look to utilise our skills by growing our influence into more and more spend areas across Health and Social Care, becoming more efficient in our Business as Usual activity to release resource to meet this growth ambition. Over the Covid-19 emergency response period our National Procurement teams have been the key commercial solution provider increasing our value coverage by 40% within 12 months. Our aim is to maintain and further grow our influence as the recognised national solution provider

4.4. Remobilisation Priority 3: Longer-term priorities

The following priorities lay the foundation for multi-year activity in addressing these fundamental issues.

Sustainability - Climate Change management

The climate change emergency is a Scottish Government national priority, recovery from the Covid-19 Pandemic is an opportunity to accelerate our response to this forming a green recovery. Public Procurement organisations are required by law to demonstrate what they are doing to mitigate supply chain emissions.

Strengthen National Procurement & NHSScotland delivery of community outcomes

We will facilitate engagement and delivery of community benefits from National Procurement suppliers and develop the necessary systems and processes in conjunction with procurement teams across NHSScotland to ensure all of Scotland benefits from our activity.

Underpinning our National Procurement Service:

As National Procurement renews its services and solutions for NHSScotland we will continue to reshape our service and will ensure the following underpins our approach:

- **Scope and reach:** who are our services for and what is the impact on CV19 and Health & Social Care scope
- **Re-mobilise, Recover, Re-design:** To be embedded and referenced throughout our refreshed strategy and core to our Annual Operating Plan.
- **Commercial:** Focusing on commercial solutions / pre and post award contract award / scope / redesign
- **Operational:** Covid-19 consolidation / service improvement / materials demand planning / end-to-end supply chain / Health & Social Care service expansion
- **Strategic development:** climate change / economic impact / social impact / ethical procurement; these will be embedded across our strategy but with prominence in their own right
- **NHSScotland procurement leadership and service improvement enabler:** Our role as a Centre of Expertise but reset into something more focused on leadership, enablement and capacity to deliver change.
- **Capability and Capacity building:** underpinning all of this and the extent of the ambition – setting out prioritisation as well as the traditional elements of staff development, careers, training, qualifications

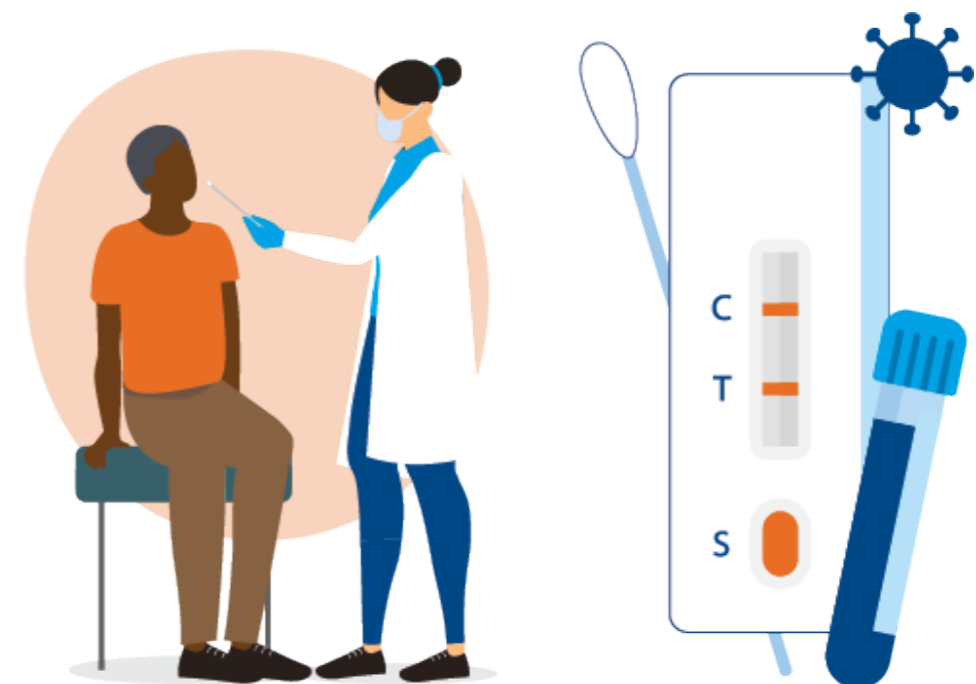
National Care Service Consultation

The Scottish Government is consulting the way social care is delivered in Scotland. NSS will fully participate in this process and National Procurement will respond and assist as appropriate to any subsequent change programme regarding the commissioning and procurement of in-scope activities.

4.5. Our support and enabling role

It is also important to recognise that whilst the priorities listed above are core for National Procurement, we also play a vital role in supporting and enabling innovation and change across NHSScotland services. Here are just a few of the activities we are applying our commercial and public procurement rigour to;

- **National Digital Infrastructure** - to increase our national public cloud hosting capability
- **Digital Prescribing and Dispensing** - for paperless prescribing and dispensing
- **National Health and Care Innovations** - establish a framework that enables positively evaluated innovations to be successfully and rapidly scaled up and portal of resources to improve oversight on all health and care innovations in Scotland
- **Endoscopy Recovery Service** – delivery of a managed service solution and enabling digital solutions
- **Plasma for Fractionation** – providing input to the review of options to support UK sourced plasma solutions.
- **Community Based Services and Care Support** - support the social and primary care services and carers, combining the collective service offering of NSS in terms of Procurement, Logistics, Infection Prevention and Control, Commissioning and Clinical services to support learning from Covid-19
- **National Infrastructure** – support a 15-to-25-year capital and infrastructure strategy for NHSScotland
- **National Business Systems Review** - work with partners to undertake a comprehensive review of national business systems to ensure we are achieving best value with our commercial partners
- **Covid-19 Testing** – supporting the ongoing testing infrastructure with test kits, consumables and associated logistics
- **Covid-19 / Seasonal Influenza Vaccinations** – full end to end sourcing, warehousing and logistics solutions to effect the smooth delivery of these vital services



4.6 Our Underpinning Culture and Values

National Procurement will deliver its vision and strategy through 4 underpinning values that drive our culture:

- **Customers at the heart**
- **Improve the way we do things**
- **Increase our services impact**
- **Be a great place to work**

Customer at the Heart:

Characteristics:

- Ask for feedback from customers about their experiences of dealing with us. We'll learn from this and use it to improve
- Our product and services meet the customer needs
- Promote self-reliance whilst continuing to support those who need our help
- Continuously improve our products and service to meet the needs of our customers

Attributes:

- Our customers are well informed about what we do
- Our stakeholders are engaged and support our activity
- Customer surveys and action plans are in place and deliver changes to the way we work
- Our services are clearly understood and communicated
- Develop customer journey maps to coordinate focused support as needed
- Our web site provides up-to-date information to enable customers to deliver safe patient care
- Our customer performance and development of improvement plans monitored
- Social media is used to provide fast and clear messages to our customers

Improving the way we do things:

Characteristics:

- Maximise the use of digital technology and data to transform our services and support benefits delivery
- Maintain effective governance
- Identify areas of best practice and lead the delivery in partnership with our customers
- Ensure a quality management and continuous improvement culture across National Procurement

Attributes:

- Implementation of emerging eProcurement technologies across NHSScotland as a Centre of Expertise for health
- Develop online services that are easy to access using any device, that are quick to use and available whenever they are needed
- Fully comply with all statutory and regulatory compliance
- As a Centre of Expertise for health, leading groups in response to changes in Scottish Government (SG) / United Kingdom (UK) policies and legislation, ensuring sector-wide compliance and providing assurance to health boards
- Facilitate national user groups on behalf of NHSScotland, bringing together subject matter experts to discuss and deliver sector wide solutions.
- Demonstrate continuous quality improvement by learning from adverse events, complaints, comments, concerns and feedback
- Learn from audit reports
- Quality Management System (QMS) health checks
- Delivery of efficiency and effectiveness goals
- Staff involved in formal continuous improvement activity

Increase our Services Impact

Characteristics:

- Provide value for money and maximise efficiencies for our stakeholders
- Provide continuity of supply in our service delivery
- Embrace, encourage and manage successful change
- Encourage and stimulate economic development and growth
- Understand the impact of procurement decisions in the wider health system



Attributes:

- Deliver successful end to end procurement services for our customers
- Achieve maximum commercial value
- Support and manage change
- On time delivery
- Increase standardisation and reduction of variation across products and services
- Deliver and maintain successful supplier management programmes
- Provide the appropriate level of service for both internal and external customers
- Clear method of communication
- Engage with the market place on development and technological advancements
- Assist in promoting and adopting change
- Engage and encourage small, medium enterprises (SME), third sector and Supported Business suppliers to have a presence at events such as Meet the Buyer
- Engage with local schools and colleges promoting programmes such as modern apprenticeships
- Stimulate awareness in the local community of what we do
- Engage a third party to consider measurement of economic impact of NHSS procurement in Scotland

Be a great place to work

Characteristics:

- To be a welcoming and motivating environment to reduce absence and maximise productivity
- To promote NSS values to ensure colleagues feel valued and supported
- To work together to shape decisions and solutions
- To communicate clearly in order that colleagues are well informed

Attributes:

- New colleagues have a dedicated National Procurement and Procurement Commissioning and Facilities (PCF) on boarding experience in addition to the NSS induction
- Managers have a dedicated resource area on geNSS NP and PCF team page
- Staff are included in decision making
- All staff are communicated with monthly on the progress of the Great Place to Work group
- Staff are encouraged to submit ideas for inclusion in the Great Place to Work group.
- Role and team awareness sessions are offered to encourage cross functional team working and promote understanding of different business areas
- Website pages have clear owners and updated monthly
- Regular communications meetings are scheduled and representation from each team

5. Spend

In financial year 2019-20 NHSScotland had a total trade spend of around £2.8billion. Of that expenditure, the procurement spend managed by National Procurement collaborative contracts is increased from £1.4billion to currently £1.48billion. Achieving best value against the expenditure is managed via comprehensive market understanding, national contracting, bulk deals, supplier negotiation and using our unique position to deliver broader economic benefit to the people of Scotland through the power for NHSS’s procurement spend.

We could not discuss spend appropriately without taking account of the values we have transacted as part of the Covid-19 pandemic. In our most recent financial year 2020-21 our contract coverage was valued at over £1.48billion as business as usual contracts alongside pandemic spend transactions in the hundreds of millions; A breakdown of the top 10 non-pandemic spend areas is shown below. Further details of the contracts we have placed can be viewed on Public Contracts Scotland (PCS) website.

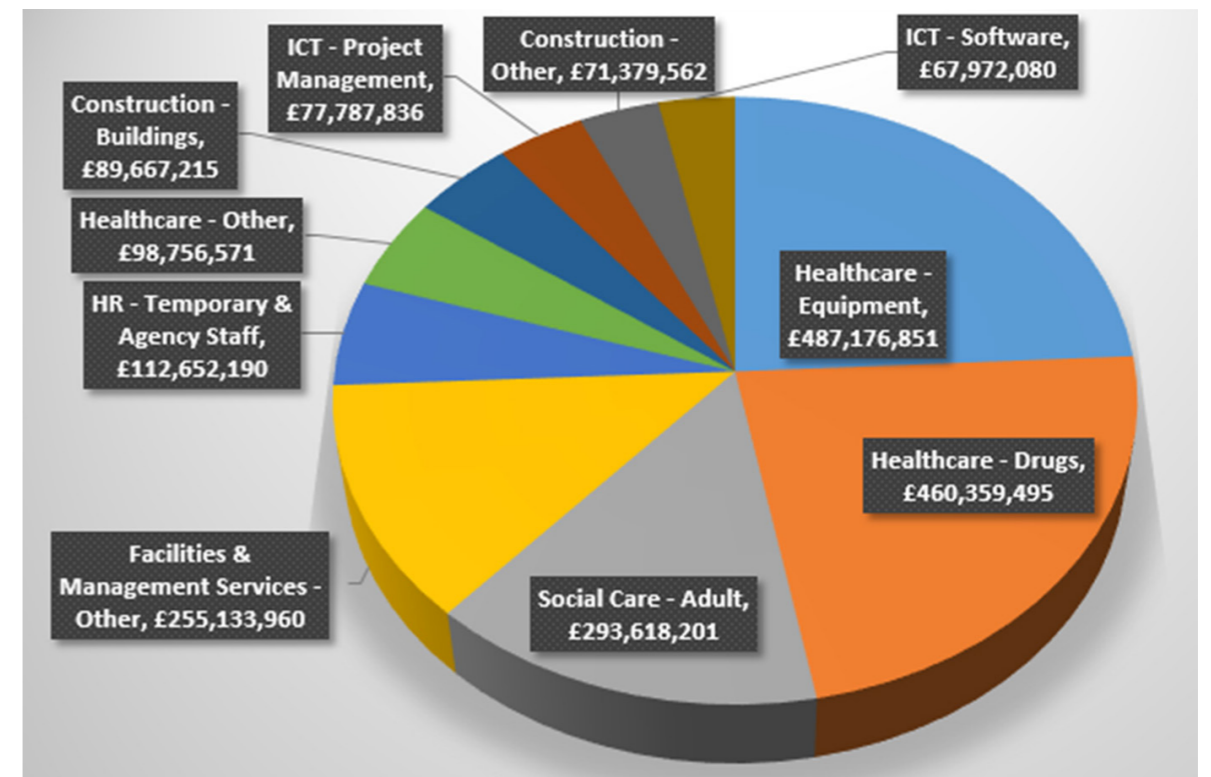


Figure 1 NHSScotland Top 10 Spend areas 2019-2020

6. Mandatory Obligations

6.1. Introduction

This section documents our approach to meeting the mandatory requirements of the Reform Act.

6.2. Regulated Procurements

As the Centre of Expertise for Health we are responsible for sourcing common requirements for the whole of NHSScotland in line with regulations. In practice this means all of our contracts are 'Regulated'. Our standard practice is that all Regulated procurements will be advertised on the Public Contracts Scotland (PCS) website. As we will advertise, and subsequently award, on the PCS website the functionality of the site will automatically publish and maintain our contract register for public viewing.

6.3. Achieving our purpose

To ensure benefits are delivered effectively National Procurement will engage closely with colleagues who are subject matter experts on substantive procurements. As detailed in section 5 our Regulated Procurements will exceed the threshold value at which the Public Contracts (Scotland) 2015 regulations apply; these exercises will be delivered using the Procurement Journey Route 3 methodology. The Procurement Journey was developed to support compliance in public procurements and to help contracting authorities meet policy objectives. Following this journey provides assurance of equal and fair treatment of all suppliers bidding for our contracts.

6.4. Delivery of value for money

National Procurement will obtain value for money through best practice contracting and supplier management and through undertaking key strategic procurement activities including:

- working closely with subject matter experts at specification stage,
- early market engagement;
- splitting requirements into appropriate lots to better facilitate SME/Third Sector and Supported Business participation;
- maximising the impact of each pound spent by including Community Benefit Clauses;
- evaluating bids on the most economically advantageous criteria;
- utilising output-based specifications;
- challenging the need and demand management;
- ensuring robust contract management & application of effective commercial evaluation models.

6.5. Priorities for Public Procurement

We will ensure that we work within the national context under the Scottish Government Priorities for Scottish Public Procurement, which aligns with the National Performance framework



Figure 3 Priorities for Scottish Public Procurement

Basing our procurement objectives around the renewed procurement priorities outlined above we will implement approaches within the Scottish public sector Procurement model.

Each Market Category of spend has a broad commercial 'Tier 1' strategy driven by the type of goods or services procured and their fit to the NHSScotland Contracting Framework. The NHSScotland Contracting Framework is designed to aggregate demand across the Public Sector to a level where best value can be achieved. The framework establishes the lead contracting authority and allocates contracts into 'Contracting Categories' which define this responsibility.

The framework 'Contracting Categories' relevant to NHSScotland are:

- Category A – Contracted for all Scottish Public Sector bodies by Procurement Scotland.
- Category B – Contracted for all NHSScotland organisations by National Procurement.
- Category C – Contracted individually by NHSScotland organisations, including NHS NSS.

6.6. Engaging with our service users

We work very closely with our service users primarily through what is known as an advisory panel process. Through this detailed and joint working arrangement, we support our service users by implementing national contracts that:

- make sure the products and services used are fit for purpose
- blend the knowledge of clinical and operational staff with our understanding of the marketplace to make sure that goods and services meet current and future needs of patients
- take quality as well as the total cost into account to make sure goods and services are best value for value (Quality, cost, service, delivery and broader societal benefits)
- use the National Distribution Centre (NDC) where possible to provide the best value supply route in Scotland
- provide continuous quality assurance after the contracts have been awarded
- take into consideration the varying climate change and sustainability aspects of the transitioning market place and directions from users and government agencies.
- include public sector contracts reserved for supported businesses as well as Fair Work Practices for all employees providing goods and services in Scotland and further afield.

The help and support of a wide range of over 3,000 clinical and operational staff from across NHSScotland ensures we are able to provide and maintain quality services demanded by our service users. [Power of Procurement video](#)

6.7. Engaging with Suppliers

National Procurement will continue to work closely with NHSS's Health Board to identify all service and product spend that is eligible to be subject to regulated procurements and will seek to develop commercial solutions and advertise these to the market through Public Contracts Scotland.

Each and every day our colleagues are constantly in dialogue with our contracted suppliers

ensuring NHSScotland's goods and services continue to flow unencumbered, ensuring stringent quality standards are maintained and that we are both working toward more sustainable contract outcomes in line with our sustainability duties.

As each contracting activity is different, market engagement strategies will primarily be defined within the individual contracting strategy. National Procurement however will continue to engage with the wider market through events such as Procurex & Procurement 4 Health (P4H) along with participating in smaller supplier focused events as they arise such as those facilitated by the Supplier Development Programme.

Requirement Specifications for Regulated Procurements will maintain the core philosophy of being 'outcome based' to ensure as wide participation as possible with clear, concise wording to minimise misinterpretation. Where possible, administration burden will be reduced for suppliers by use of electronic procurement systems which promote data re-use using concepts such as the Single Procurement Document (SPD) meaning suppliers can enter their details once and then re-use for all further competitions.

Utilising procurement procedures such as Dynamic Purchasing Systems (DPS) can also greatly reduce supplier administration burden and speed up tender procedures for individual contracts under the DPS, and open up the opportunity to as wide a range of suppliers as possible.

6.8. Sustainable Procurement Duty

As detailed in Section 3, we have committed to investing resource into longer term priorities which specifically align to the duty.

Climate Change Mitigation

The Scottish Public Sector Procurement community has got together to address climate change. A Procurement and Climate Change Forum has been established to support joined up activity and accelerate our response. The forum itself is made up of five work streams with National Procurement represented on all of them, these are;

- Strategy & Objectives
- People & Capability
- Supplier & Market Engagement
- Operational Procurement
- Monitoring & Reporting

We are also targeting increased benefits delivery through leveraging our spend within and across our communities, section 5.9 provides further clarity on our commitments.

We will focus on enabling and empowering our teams through continued dissemination of knowledge and skills through working with the aforementioned forum approach and to maintain and grow our usage of the following Scottish Government tools:

- Scottish Public Procurement Prioritisation Tool
- The Sustainability test
- Life Cycle Impact Mapping

We will use self-assessment tools such as the Scottish Flexible Framework to ensure National Procurement is continually improving its capability to deliver on the Climate Change and Sustainability challenge.

Economic Impact

Another area of focus in the strategy period, again highlighted in section 3 is our commitment to doing what we can to bring economic benefits to Scotland through our spend (within the boundaries of the procurement regulations). We will be working with economic development agencies in support of this ambition and will also be receiving early results from economic research from our research associate to inform benefits already delivered and areas for priority focus.

6.9. Community benefits

As a central contracting authority it has historically been a challenge to identify local community benefits that would have the most positive impact on public health. This, in conjunction with our national suppliers requesting community benefit opportunities that they could support has led us to develop an online marketplace to connect our suppliers with local 3rd sector organisations.

The 3rd Sector organisations can enter project 'needs' for our suppliers to view and potentially support. The marketplace, developed in conjunction with Public Health Scotland and NHS Local Health Board procurement colleagues is currently in early launch phase.

Although community benefits can be quite prescriptive for contracts over £4M i.e. that we should identify these as part of the tendering process; we have the ability to include community benefits under our sustainable procurement duty in a less prescriptive manner for contracts under the aforementioned threshold. This is where we see value being delivered through the marketplace. This work is prioritised as part of our commitments in section 3 and we will report on progress in our Annual Procurement Report.

6.10. Food Procurement

We will continue to apply rigorous standards across all of our food contracts in pursuit of increased health and wellbeing whilst demanding the highest level of animal welfare. We will do this by;

- Employing the sustainability tools to identify 'at risk' supply areas
- Requesting full supply chain traceability at tender stage
- Mandating compliance with the appropriate food regulations as a minimum
- Incorporating Healthy eating criteria inc; Food, Fluid and Nutritional care standards; Food in Hospitals; Healthy Living Award + Criteria, and the Retail Standard
- Ensuring these standards, alongside environmental and animal welfare safeguards are implemented and monitored all the way back through the supply chain
- We regularly monitor and audit our food supply chains to ensure our exacting quality levels are being maintained.

6.11. Scottish living wage

We recognise the importance of this ambition, and the need to balance savings with good quality local employment. To this end we worked with the Living Wage Foundation to gain accreditation as a real Living Wage employer, we are proud to say we achieved this in November 2020.

The relevance of this achievement extends into our supply chain as we must ensure that, to the extent permitted by law, all contracted workers who regularly work on our premises are paid the real Living Wage.

We assess the relevance and proportionality of this requirement, against every one of our contracts at tendering stage, most notably utilising the sustainable procurement tools. As a real living wage employer this gives us a platform for pushing this ambition wider across our supply chains where local employment is maintained.

We have been collaborating with Scottish Government Policy and Public Health colleagues on promoting fair work policies through procurement and note the recently published '[Fair Work First](#)' guidance which we aim to incorporate into our procurement activity over the coming months.

6.12. Fair and Ethical Trading

We will continue to seek improvement in our performance year on year in this area. Primarily, we will utilise the sustainable procurement tools to enhance our knowledge and evidence base in order to prioritise the highest risk areas. Specifically, over the next 12 months we have committed to publishing our first Modern Slavery Statement which will detail our activities in ensuring our supply chains are free of modern slavery.



6.13. Compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974

We assess the relevance and proportionality of the aforementioned Act, against every one of our contracts at tendering stage. We do this through research and deep engagement with our Commodity Advisory Panel (a panel of subject matter experts who assist us in defining the requirements for each contract). Where Health and Safety is particularly relevant we will define related indicators and measures that we will review regularly with our suppliers. Our conditions of contract also state that any issues that arise are immediately reported to us to ensure we are fully aware of any incidents that affect employees within our supply chain, this enables us to engage constructively with our suppliers to ensure proper corrective actions and measures are put in place to reduce risk.

6.14. Ensuring our contractors and sub-contractors are paid on time

We have instigated specific management reporting on payment performance statistics for suppliers to our National Distribution Centre, our systems are being worked on to ensure we can get to the appropriate reporting level and will review these monthly at our Key Performance Indicator review meetings.



7. Monitoring, reviewing and reporting

7.1. Monitoring our objectives

The strategic objectives presented within this strategy are documented formally as part of the NHS NSS Annual Operating Plan and are subject to regular, formal review.

7.2. National Procurement Contract Register

National Procurement supports the requirement of the Reform Act to publish and maintain a public facing contracts register. National Procurement will utilise the functionality available on the Public Contracts Scotland website. Our commitment is to have all National Procurement public contracts of value above £50,000 appearing on this register.

7.3. Approach to Framework Call Offs

Any call off from a Framework Agreement with a single supplier that exceeds or is expected to exceed (in the case of multiple call offs) a value of £50,000 over the lifetime of the Framework will have an associated contract award notice placed on Public Contracts Scotland advertising this fact.

7.4. Annual Report

Our objective is to ensure the National Procurement annual report will be published in the 2nd quarter of the following financial year in line with statutory guidance and the NSS annual reporting timetable.

The National Procurement annual report will go through the necessary internal approvals before publication on the National Procurement website. The annual report will contain the following information as a minimum:

- A summary of the Regulated Procurements that have been completed during the year covered by the report.
- A review of whether those procurements complied with the National Procurement strategy.
- To the extent that any Regulated Procurements did not comply with the Reform Act, reasons for this and a statement of how National Procurement 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 financial year covered by the report.
- A summary of any steps taken to facilitate the involvement of supported businesses in Regulated Procurements during the year covered by the report.
- A summary of the Regulated Procurements National Procurement expects to commence in the next two financial years.

8. Strategy ownership & contact details

In line with the Reform Act and to ensure our Annual Procurement report details our performance against strategy, this strategy will be subject to formal annual review and approval by the NHS NSS Finance Performance and Procurement Committee. This will take account of any changes to organisational objectives and in NHS and Scottish Government policies and strategies.

This review will also take account of the key targets and National Framework objectives under development by the National Procurement Governance Board.

Strategy Owner: Gordon Beattie

Designation: Director of National Procurement

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Telephone: 01698 794500



9. Policies, tools & procedures

National Policies, Tools and Legislation: -

[Scottish Model of Procurement](#)
[Changes to European Directives](#)
[Public Procurement Reform Programme](#)
[Procurement Reform Act Statutory Guidance](#)
[The Procurement and Commercial Improvement Programme](#)
[Suppliers Charter](#)
[EU Procurement Thresholds](#)
[Procurement Journey](#)
[PCIP](#)
[Public Contracts Scotland](#)
[Public Contracts Scotland – Tender Information Hub](#)
[The Construction \(Design and Management\) Regulations 2015](#)
[The Sustainable Public Procurement Prioritisation Tool](#)
zerowastescotland.org.uk
resourceefficientscotland.com
[The Scottish Health Council](#)
[The Procurement Competency Framework](#)
[NHS NSS Corporate Policies and Statements can be located here.](#)

National Procurement Web Services:

[Community Benefit Gateway](#)
[National Procurement Web Site](#)



10. Glossary

Term	Definition
Commodity	Classification for National Procurement to provide the ability to accurately describe the primary business activities of their suppliers.
Category	A collection of similar commodities grouped together to support category management.
Category Management	aA process which relies on cross functional teamwork to generate procurement outcomes that fully satisfy agreed business needs.
Single Procurement Document (Scotland) SPD	A single common document intended, by the European Commission, to reduce the administrative burden on bidders and remove some of the barriers to participation in public procurement, especially for small to medium-sized enterprises (SMEs).
Freedom of Information	A public “right of access” to information held by public authorities.
Invitation to Tender	A call for bids, call for tenders, or invitation to tender (ITT, often called tender for short) is a special procedure for generating competing offers from different bidders looking to obtain an award of business activity in works, supply, or service contracts.
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 National Procurement. 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.
Whole Life Costing	A technique used to establish the total cost of acquisition and ownership. It is a structured approach which addresses all the elements of cost and can be used to produce a spend profile of the product over its anticipated lifespan.

Term	Definition
Circular Economy	A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.
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.
Cost Avoidance	The act of eliminating costs or preventing their occurrence in the first place. It tends not to show up on, but materially impacts, the bottom-line cost and is normally referred to as a “soft” cost saving i.e. negating supplier requests to increase costs, procuring services/ goods/ works under budget, obtaining prices lower than the market average/median.
Small and Medium Sized Enterprises	Enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding Enterprises (SMEs) 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.



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V0.3	23/6/21	Feedback from National Procurement Senior Managers	Gordon Beattie
V0.4	01/07/21	Minor changes ahead of NP Snr Manger Mtg and Supply Chain input	Gordon Beattie
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Director of National Procurement

PCF Director

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