

DUMFRIES AND GALLOWAY NHS BOARD

**Procurement Annual Report
For Year Ended 31 March 2019**



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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.

The Act requires:

- 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 authority's procurement strategy, to the extent that any regulated procurements did not comply, a statement of how the authority 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 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 the authority expects to commence in the next two financial years;
- such other information as the Scottish Ministers may by order specify.

This report covers the reporting requirements for NHS Dumfries and Galloway for 1st April 2018 to 31st March 2019.

In addition to the mandatory requirements the report includes details of the unregulated procurements which have carried out through the quick quote process to provide further visibility on the Boards procurement activities during the year.

Procurement Team

NHS Dumfries and Galloway have a small procurement team (headcount of 8) who are responsible for the full range of procurement services across the Board. This includes supporting the organisation in ensuring compliance with the procure to pay processes. The team also play a key part in ensuring staff are adhering to the Standing Financial Instructions (SFIs) and ensuring the requirements of the Procurement Reform (Scotland Act) 2014 are met as well as broader systems and reporting support.

Currently the Procurement Manager is the only member of the team undertaking the regulated procurement work covered by this report, other members of team focus on the unregulated procurements. In addition there are three members of staff within the eHealth, Estates and Property and Medical Physics teams who are able to carry out regulated procurement work for their areas as a devolved function.

Trade Spend

Trade Spend is defined as the expenditure the Board has with 3rd party suppliers.

The Scottish Procurement Information Hub identified NHS Dumfries and Galloway as having trade spend of £43.9m for 2018-19 (£49.2m 2017-18) and is therefore required to comply with producing this annual report.

The majority of the trade spend (circa 90%) is procured through public sector frameworks and contracts already carried out nationally on the Boards behalf and these include: National Procurement Frameworks, Scottish Government Frameworks and Crown Commercial Services Frameworks.

The remaining spend is procured through local contracting activity within the teams at NHS Dumfries and Galloway. This is a mixture of regulated and unregulated depending on the value of the contract required.

Regulated Procurements

A regulated procurement is any procurement for:

- goods or services with an estimated value of more than £50k over the contract life or;
- any works with an estimated contract value of more than £2m over the contract life.

All regulated procurements require to be published on the Public Contracts Scotland Portal and are also available to be viewed in more detail on the Board's website (www.nhsdg.scot.nhs.uk) or by contacting the Corporate Business Manager, Board Headquarters, Mountainhall Treatment Centre, Dumfries.

A summary of the regulated procurements completed for NHS Dumfries and Galloway in 2018-19 with prior year comparisons are shown below:

Regulated Procurement	2018-19	2017-18
Number of contracts awarded	11	14
Total Contract value	£3.022m	£4.418m

Details of the 2018-19 awards are included overleaf.

Description of Regulated Procurements carried out in 2018-19	Supplier Name	Start Date	End Date	Max Extension (Mths)	Total Value £'000
Refrigeration, Freezer and Ventilation Maintenance – Annual Servicing	County Refrigeration Ltd	11/04/2019	11/04/2022	12	174
Reactive Heating Systems – Annual Servicing of Gas and Oil Boilers	James Ramsay (Glasgow) Ltd	27/05/2019	27/05/2022	12	163
Reactive Maintenance – Plumbing Contractor	Ian Lewis Plumber Ltd	27/05/2019	27/05/2022	12	239
Reactive Maintenance – Roofing Contractor	Jardine roofing ltd	27/05/2019	27/05/2022	12	170
New WAP Installation Mountainhall Treatment Centre	Derek Mitchell Electrical Ltd	15/04/2019	27/05/2019	0	64
Groundworks maintenance	Lockerbie Contracting Ltd	01/04/2019	27/03/2020	0	96
Reactive Maintenance – Electrical Contractor	JC Martin Limited	27/05/2019	27/05/2022	12	198
Water Hygiene - Legionella Prevention & Associated Works	Biochemica UK Ltd	25/10/2018	25/10/2021	12	778
Wood Pellet Supply - Biomass Boilers	James D Bilsland Ltd	12/10/2018	12/10/2021	12	777
Servicing & Repair of Hoists, Mattresses, Cushions, Baths & Bed PAT Test	Arjo UK	24/10/2018	24/10/2021	12	290
Award of Area Wide - Electrical Installation Condition Reports	Quartzelec	16/08/2018	16/08/2019	0	74

Unregulated Procurements

An unregulated procurement is any procurement for:

- goods or services with an estimated value of less than £50k over the contract life or;
- any works with an estimated contract value of less than £2m over the contract life.

Locally the SFIs state that all unregulated procurements more than £10k or any mini competitions off a framework should be carried out on the Public Contracts Scotland Portal as a quick quote.

A summary of the unregulated procurements completed for NHS Dumfries and Galloway through the Portal in 2018-19 with prior year comparisons are shown below:

Unregulated Procurements	2018-19	2017-18
Number of contracts awarded	22	48
Total Contract value	£1.791m	£1.406m

Details of the 2018-19 awards are included below:

Description of Unregulated Procurements carried out in 2018-19	Supplier Name	Total Value £'000
Quantity Surveying Services - Staff Accommodation - Mountainhall Treatment Centre	Aecom	17
Mountainhall Treatment Centre - Oxygen Manifold Installation	Algas medical installations ltd	21
Mini Competition - NP795 Leased Commercial Vehicles	LeasePlan UK Ltd trading as Automotive Leasing	12
Area Wide - Electrical Installation Condition Reports	Quartzelec	74
Mountainhall Fibre Duct	Molplant Construction Limited	39
Telephony Consolidation - Handsets	Capita IT Enterprise Services	47
Mountainhall Treatment Centre Toilet Blocks	Cubby Construction Ltd	290
Mountainhall Treatment Centre - Ward Conversion	Cubby Construction Ltd	377
Ward 4 Alex Unit & Macmillan centre	Taylor & Fraser Limited	329
IT Disposal Contract for NHS Dumfries and Galloway	TES-AMM (Europe) Ltd	0
NHSDG Dental Centres - Servicing & Repair of Operations Chairs Delivery Unit	The Dental Directory	30
MountainHall Treatment Centre Cardiac Rehab (Project 5A)	Cubby Construction Ltd	69

Description of Unregulated Procurements carried out in 2018-19	Supplier Name	Total Value £'000
Dining Room - Mountainhall	William Waugh & Sons (Builders) Ltd	160
Estates & Property - Lightning Protection Service & Maintenance	LPS	11
Estates & Property - Water Hygiene Legionella Prevention	DMA Canyon Ltd	43
Reactive Maintenance-Joiner Contractor	Thomson & Jardine	45
Electric Bicycles	DG2 Wheels	17
Electric Bicycles	Paterson and parker ltd t/a mpg cycles	18
Mini Competition from NP700/17 Leased Cars	Inchcape Fleet Solutions	4
Groundwork maintenance	Lockerbie Contracting Ltd	96
New WAP Installation Mountainhall Treatment Centre	Derek Mitchell Electrical Ltd	64
Calibration of Weighing Scales	Marsden Weighing Machine Group	30

Compliance

Regulated procurements require to be undertaken by NHS Dumfries and Galloway in accordance with the Procurement Reform (Scotland) Act 2014 and The Public Contracts (Scotland) Regulations 2015 as well as ensuring they comply with the local SFIs which the Board operates under.

Compliance is tested through regular audits, SFI compliance checks and information identified from reviewing invoices received without a purchase order.

The SFIs states that where National Frameworks exist these will be utilised by either calling off a requirement or carrying out a mini-competition with the suppliers to obtain best value. A request to set aside a national framework requires the approval of an SFI waiver in advance of taking any action. For 2018-19 there have been no requests of this nature.

It is mandated that all regulated procurements are undertaken using the electronic Public Contracts Scotland system for the issue of all opportunities. All regulated procurements undertaken in 2018-19 were carried out using this system.

Any non-compliance against the SFIs are clearly highlighted to staff:

- A request to set aside the SFI's requires to be approved in advance of taking any action.
- Any neglect or refusal to carry out the SFI's shall be reported to the Director of Finance who may discuss the matter with the Chief Executive, Departmental Head, Internal Audit or Counter Fraud Services as appropriate.
- All waivers are formally reported to Audit and Risk Committee.

- Failure to comply with the SFI's may result in disciplinary action being taken which could result in dismissal

A review of the regulated procurement activity carried out in 2018-19 has concluded that all complied with NHS Dumfries & Galloway's Procurement Strategy.

Community Benefits

A 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.

There have been no regulated procurements during the reported period containing any Community Benefits clauses.

Supported Businesses

A supported business is an organisation where more than 50 per cent 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 Dumfries and Galloway provide internal guidance to staff on the use of supported businesses. For this period no regulated procurements have been restricted.

Regulated Procurements due to commence

The following table sets out the regulated procurements which are expected to be undertaken by NHS Dumfries and Galloway over the next two years:

Description	Type	Expected Contract Notice <i>(if extension not activated)</i>	Expected Start Date	Max Extension (Mths)	Total Value £'000
Wood Pellet Supply – Biomass Boilers	Re-let	May-21	Oct-21	12	777
Servicing & Repairs of Hoist Mattresses, Cushion, Baths & Bed PAT testing	Re-let	May-21	Oct-21	12	290
Water Hygiene – Legionella Prevention & Associated Works	Re-let	May-21	Oct-21	12	778

Other Information required by Scottish Ministers

Appendix 1 includes a pro forma that has now been included in the requirements for the Annual Report. There are a number of gaps in the information presented as at this time the Board does not collect the data, this is being reviewed ahead of future reporting periods.

Annual Procurement Report template

1. Organisation and report details

a) Contracting Authority Name	NHS Dumfries & Galloway
b) Period of the annual procurement report	2018-19 FY
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes

2. Summary of Regulated Procurements Completed

a) Total number of regulated contracts awarded within the report period	11
b) Total value of regulated contracts awarded within the report period	£3,021,962.70
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	11
i) how many of these unique suppliers are SMEs	7
ii) how many of these unique suppliers how many are Third sector bodies	Not recorded

3. Review of Regulated Procurements Compliance

a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	11
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 a Community Benefit Requirements	0

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 (<i>Each contracting authority sets its own priority groups</i>)	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	Not recorded

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	Not recorded
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.	Not recorded
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	Not recorded
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	Not recorded

6. Payment performance

a) Number of valid invoices received during the reporting period.	65,721
b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)	98%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	Not recorded
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	Not recorded

7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period	0
b) Total spend with supported businesses during the period covered by the report, including:	0
i) spend within the reporting year on regulated contracts	0
ii) spend within the reporting year on non-regulated contracts	0

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.	£43,925,295
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£16,950,771
c) Total procurement spend with Third sector bodies during the period covered by the report.	£91,521.31
d) Percentage of total procurement spend through collaborative contracts.	Not Recorded
e) Total targeted cash savings for the period covered by the annual procurement report	£1,441,533
i) targeted cash savings for Cat A contracts	£350
ii) targeted cash savings for Cat B contracts	£1,441,183
iii) targeted cash savings for Cat C contracts	Not recorded
f) Total delivered cash savings for the period covered by the annual procurement report	£1,526,405
i) delivered cash savings for Cat A contracts	£0
ii) delivered cash savings for Cat B contracts	£1,526,405
iii) delivered cash savings for Cat C contracts	Not recorded
g) Total non-cash savings value for the period covered by the annual procurement report	Not recorded

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	3
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£1,844,349