

DUMFRIES AND GALLOWAY NHS BOARD

**Procurement Annual Report
For Year Ended 31 March 2020**



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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 2019 to 31st March 2020.

In addition to the mandatory requirements the report includes details of the unregulated procurements which have been 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 £44.4m for 2019-20 (£43.9m 2018-19) 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.co.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 2019-20 with prior year comparisons are shown below:

Table1

Regulated Procurement	2019-20	2018-19
Number of contracts awarded	13	11
Total Contract value	£3m	£3m

Details of the regulated procurements awarded in 2019-20 are included overleaf

Table 2

Service Procured	Awarded Supplier Name	Start Date	End Date	Max extension months	Total estimated contract value £'000
Refrigeration, Freezer & Ventilation maintenance – Annual Servicing	County Refrigeration Ltd	Apr-19	Apr-22	12	174
Reactive Heating Systems – Annual Servicing of Gas & Oil Boilers	James Ramsay (Glasgow) Ltd	May-19	May-22	12	163
Reactive Maintenance - Plumbing	Ian Lewis Plumber Ltd	May-19	May-22	12	239
Reactive Maintenance - Roofing	Jardine Roofing Ltd	May-19	May-22	12	170
Reactive Maintenance - Electrical	JC Martin Ltd	May-19	May-22	12	198
Taxi Contract	McLeans Taxis	Jun-19	Jun-22	12	1,016
Permanent Recruitment Services - Medical	A&E Agency Ltd	Jul-19	Jul-24	0	300
Portable Appliance Testing Contract	SS Testing Ltd	Oct-19	Oct-22	12	101
Insurance Inspection - Pressure Systems & LOLER	British Engineering Services Ltd	Nov-19	Nov-22	12	162
Mini bus service - DGRI to Western Edinburgh	Woodgrove Travel	Jan-20	Jan-23	12	90
Mechanical Engineer	J Nelson	Jan-20	Jan-22	6	78
Provision of family support service in D&G	Alcohol and Drugs Support South West Scotland	Jan-20	Jan-22	12	219
Core Network replacement - Mountainhall	Capita	N/A	N/A	0	107

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 2019-20 with prior year comparisons are shown below:

Table 3

Unregulated Procurements	2019-20	2018-19
Number of contracts awarded	18	22
Total Contract value	£0.682m	£1.791m

Details of the unregulated procurements awarded in 2019-20 are included overleaf

Table 4

Service Procured	Awarded Supplier Name	Total estimated contract value £'000
Estates & Property - Appointment of a Estates Plumbing Engineer	Cumbria Mechanical and Plumbing Ltd	27
Mini competition for NP700 - May 19 - Lot 2	Inchcape Fleet Solutions	37
Mini competition for NP700 - May 19 - Lot 1	LeasePlan UK Ltd trading as Automotive Leasing	9
Architectural services relocation of Ophthalmology (Block Plans)	Ryder Architecture Limited	9
Generator Maintenance - Aug 2019 - Jul 2022	Westfield Generators Limited	38
IT Hardware - Memory	Computacenter	18
Mini Competition for NP700 - June 2019	Inchcape Fleet Solutions	23
Appointment of Painter & Decorator- Sep 2019 – Nov 2019	L. Maxwell Painter & Decorator	10
Biomass Boiler Servicing – Sep 2019 – Aug 2022	Myriad CEG LTD t/a Rural Energy	31
IT Hardware - Wireless Access Points	SCC Plc - Scotland	16
Refurbishment of Mountainhall Residences - 12 Flats Block A3,A4,A5,& A6	Cubby Construction Ltd	371
Appointment of an Estates Painter & Decorator Mar - Aug 20	L. Maxwell Painter & Decorator	18
Appointment of an Estates Plumbing Engineer Mar – Aug 20	Cumbria Mechanical and Plumbing Ltd	27
Castle Douglas Hospital - Fire Precautions – Lighting / Emergency Lighting Upgrade	JC Martin Limited	38
Provision of New Cart Wash - CSSD - Quantity Surveying Services	Mcgowan miller construction consultants	3
Provision of New Cart Wash - CSSD - Principle Designer Services	Plansafe Solutions Limited	1
Mountainhall TC - Provision of New Cart Wash - CSSD - M&E Services	Hulley and Kirkwood Consulting Engineers Ltd	3
Mountainhall TC - Provision of New Cart Wash - CSSD - Architectural Services	Aitken Turnbull Architects	3

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 2019-20 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 2019-20 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 approved 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 2019-20 has concluded that all complied with NHS Dumfries & Galloway's Procurement Strategy with the exception of that noted below under Covid-19 reporting.

Covid-19

NHS Dumfries and Galloway instigated the major incident command and control structure on the 16th March 2020 to deal with the impending emergency and to implement the service changes that were required to be put in place to minimise the spread, impact and mortality of the COVID-19 pandemic on the population of the region.

From this point revised governance arrangements were put in place one of which was the approval of an SFI waiver in relation to urgent supply where the appropriate General Manager or Director deemed that the standard procurement rules could not be adhered to.

The waiver was used for seven orders during March 2020, one of which was over the regulated procurement value of £50k and is detailed overleaf:

Table 5

Supply	Supplier	Value £'000
Hospital beds and mattresses	Drive Devilbiss Healthcare	136

The use of the waiver was fully reported through Audit and Risk Committee.

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:

Table 6

Description	Type	Expected Start Date	Estimated Value £'000
Dental Services	New	Apr-21	Unknown at this time
Provision of Medical Services for Scottish prison HMP Dumfries	Re-let	Oct-21	253
Wood Pellet Supply	Re-let	Oct-21	777
Servicing & Repair, hoists, mattresses, cushions, baths & bed patslides	Re-let	Oct-21	290
Water Hygiene – Legionella Prevention & Associated Works	Re-let	Oct-21	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	2019-20 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	13
b) Total value of regulated contracts awarded within the report period	£3,000,000
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	13
i) how many of these unique suppliers are SMEs	9
ii) how many of these unique suppliers how many are Third sector bodies	None

3. Review of Regulated Procurements Compliance

a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	13
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.	0
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	2
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	2
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

6. Payment performance

a) Number of valid invoices received during the reporting period.	66.434
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	98.14%
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.	£44,404,425
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£16,873,681
c) Total procurement spend with Third sector bodies during the period covered by the report.	£73,729
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	£1,500,000
i) targeted cash savings for Cat A contracts	£0
ii) targeted cash savings for Cat B contracts	£1,500,000
iii) targeted cash savings for Cat C contracts	£50,000
f) Total delivered cash savings for the period covered by the annual procurement report	£1,580,764
i) delivered cash savings for Cat A contracts	£0
ii) delivered cash savings for Cat B contracts	£1,533,373
iii) delivered cash savings for Cat C contracts	£47,391
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	5
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£2,098,000