

DUMFRIES AND GALLOWAY NHS BOARD

**Procurement Annual Report
For Year Ended 31 March 2022**



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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 2021 to 31st March 2022.

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 is a member of staff within the Estates and Property team who is able to carry out regulated procurement work for that particular area 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 £55.4m for 2021-22 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 2021-22 with prior year comparisons are shown below:

Table1

Regulated Procurement	2021-22	2020-21
Number of contracts awarded	7	5
Total Contract value	£4.5m	£0.8M

Details of the regulated procurements awarded in 2021-22 are included below:

Table 2

Service Procured	Awarded Supplier	Start Date	End Date	Max extension months	Total estimated value £'000
Loch Inch Provision of primary medical services	Glenluce Surgery	Jan 21	NA	-	390.0
Property Maintenance Exterior Services	Carters Cleaning Co Ltd	Oct-21	Oct-24	1 year	258.9
Lockerbie Provision of primary medical services	Lanarkshire Medical Group	Apr-22	NA	-	587.1
Moffat Provision of primary medical services	Lanarkshire Medical Group	Apr-22	NA	-	891.5
Dental Maintenance Servicing & Repairs	DD Products & Services Ltd	Nov-21	Nov-24	1 year	76.2
Pest Control	Carters Cleaning Co	Feb-22	Feb-25	1 year	52.7
Site Security	Croma Vigilant	Feb-22	Feb-25	1 year	95.5

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 2021-22 with prior year comparisons are shown below:

Table 3

Unregulated Procurements	2021-22	2020-21
Number of contracts awarded	24	28
Total Contract value	£1.5m	£1.6m

Details of the unregulated procurements awarded in 2021-22 are included as **Appendix 1**.

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 2021-22 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 2021-22 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. All waivers approved are formally reported to Audit and Risk Committee for transparency.
- Any neglect or refusal to carry out the SFI's is escalated to the Department Head and is reported through to Audit and Risk Committee. Escalation to the Fraud Liaison Officer or Counter Fraud Services would also be considered if appropriate.

- 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 2021-22 has concluded that all complied with NHS Dumfries & Galloway's Procurement Strategy with the exception of that noted below:

- Public Contracts (Scotland) Regulations 2015 - Part 3 - Chapter 5, Standstill period - (3) states that:

Where notice is sent to all economic operators by facsimile or electronic means, the standstill period is a period of 10 days ending at midnight at the end of the 10th day after that on which the last notice is sent.

The standstill letters for the provision of primary care services at both Sanqhuar and Kelloholm awarded to Ayrshire Medical Group went out on the 21st March 2022 where the 10-day standstill would end on 31st March 2022 at midnight with the contract award on 1 April 2022. A media communication was issued by the Board on the 24th March 2022 identifying Lanarkshire Medical Group as the successful supplier which breached the regulation.

The breach was investigated internally and reported to Audit and Risk Committee.

As the contract was not actually awarded until 1 April 2022, this procurement is not included in details included in Table 1 & 2 noted above.

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% 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 4

Description	Type	Est. Start Date	Est. Value £'000
Dental Services	New	2023	TBC
Wood Pellet Supply	Re-let	Oct 22	777
Refrigeration, freezer & ventilation maintenance & annual servicing	Re-let	May 23	174
Reactive heating systems, annual servicing of gas & oil boilers	Re-let	May 23	163
Reactive maintenance - Plumbing contractor	Re-let	May 23	239
Reactive maintenance – Roofing contractor	Re-let	May 23	170
Reactive maintenance – Electrical contractor	Re-let	May 23	198
Provision of Taxi Service	Re-let	Jun 23	100
Portable appliance testing	Re-let	Oct 22	101
Pressure System & LOLER – Insurance Inspection	Re-let	Nov 22	162
Grounds Maintenance	Re-let	Oct 23	345
Fire alarm systems – Preventative & reactive maintenance	Re-let	Oct 23	142

Other Information required by Scottish Ministers

Appendix 2 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 at this time as the Board does not collect the data; this is being reviewed ahead of future reporting periods.

Unregulated procurements awarded in 2021-22

Type	Service Procured	Awarded Supplier Name	Estimated contract value £'000
Works	MHTC - CSSD - Chiller Replacement	Cumbria Mechanical	60
	MHTC - CSSD - Washer Replacement	W Waugh	490
	Winter Maintenance Contractor	MITIE	90
	Mountainhall TC - Domestic water services alterations	Cumbria Mechanical	273
	EPC Commercial Energy Assessor	Hulley & Kirkwood Ltd	86
Mini Competition	MHTC - CSSD - RO Replacement	Lubron UK Ltd	70
	Mini competition from NP795 - Lease of Mini bus with wheelchair access	Leaseplan	30
Quick Quotes	Mental Health Improvement Capacity Building	UWS	40
	Project to support minority ethnic staff and communities in Dumfries and Galloway Lot 1	Handbag Media	20
	Project to support minority ethnic staff and communities in Dumfries and Galloway Lot 2	Dr Claire Keogh	20
	Foul & Surface Water Planned & Reactive Drainage Maintenance	SoS Drains	25
	Appointment of a Refurbishment & Demolition Asbestos Surveyor for the Nithbank Site Dumfries	Envirotec Ltd	5
	MHTC - Asbestos Removal Loading Bay	Strada	6
	Nithbank Lahraigs Refurbishment - Architect services	Robert Potter	15
	Nithbank Lahraigs Refurbishment - Surveyor services	Storier & Donaldson	3
	Nithbank Lahraigs Refurbishment - Principle Designer services	McGowan & Miller	1
	Mountainhall Domestic water service alterations	Plansafe Solutions	1

Type	Service Procured	Awarded Supplier Name	Estimated contract value £'000
Quick Quotes	Mountainhall Domestic water service alterations Quantity Surveyer	Storrier & Donaldson	3
	Mountainhall TC Condensate Receiver Replacement Plantroom B	Hind & Irving	16
	Provision of External Audit & Accountancy Services	Carson & Trotter	15
	Midpark replacement water main	Molplant	26
	Healthcare Planner Services	Higher Ground Health & Care	45

Annual Procurement Report template

[NOTE: reference to contract is also to be construed as meaning a Framework Agreement]

<u>1. Organisation and report details</u>	
a) Contracting Authority Name	NHS Dumfries & Galloway
b) Period of the annual procurement report	1 st April 2021 to 31 st March 2022
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes
<u>2. Summary of Regulated Procurements Completed</u>	
a) Total number of regulated contracts awarded within the report period	7
b) Total value of regulated contracts awarded within the report period	£4.5m
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	0
i) how many of these unique suppliers are SMEs	na
ii) how many of these unique suppliers how many are Third sector bodies	na
<u>3. Review of Regulated Procurements Compliance</u>	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	7
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
<u>4. Community Benefit Requirements Summary</u>	
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.	na
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.	4
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	0
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	0

6. Payment performance

a) Number of valid invoices received during the reporting period.	61,272
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b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)	97%
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
<u>7. Supported Businesses Summary</u>	
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:	na
i) spend within the reporting year on regulated contracts	na
ii) spend within the reporting year on non-regulated contracts	na
<u>8. Spend and Savings Summary</u>	
a) Total procurement spend for the period covered by the annual procurement report.	£55.4m
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£20.5m
c) Total procurement spend with Third sector bodies during the period covered by the report.	£0.464m
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	£0
i) targeted cash savings for Cat A contracts	£0
ii) targeted cash savings for Cat B contracts	£0
iii) targeted cash savings for Cat C contracts	£0.050m
f) Total delivered cash savings for the period covered by the annual procurement report	£0.394m
i) delivered cash savings for Cat A contracts	£0.004m
ii) delivered cash savings for Cat B contracts	£0.387m
iii) delivered cash savings for Cat C contracts	£0.003m

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

12

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

£2.7m