



DUMFRIES AND GALLOWAY NHS BOARD

Procurement Annual Report For Year Ended 31 March 2023



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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 2022 to 31st March 2023.

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 (7.4 wte) 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 the 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 £55.5m for 2022/23 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. Depending on the value of the contract, this is carried out through a mixture of regulated and unregulated procurements.

Regulated Procurements

A regulated procurement is any procurement for:

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

Table 1

Summary of the regulated procurements (whole life cost value over £50k) completed by NHS Dumfries and Galloway in 2022/23 with prior year comparisons shown below:

Regulated Procurement	2022/23	2021/22
Number of contracts awarded	6	7
Total Contract value	£3.7m	£4.5m

Table 2

Details of the regulated procurements awarded in 2022/23 are shown below:

Service Procured	Awarded Supplier	Term of Contract	Estimated Value £m
Calibration of weighing scales	SECA	5 Years	0.150
Provision of Primary Care Services - Sanquhar	Ayrshire Medical Group	Permanent	0.746
Provision of Medical Services at Scottish Prison Service, HMP Dumfries	Gillbrae Medical Practice	5years +1	0.528
Provision of Primary Care Services -Lochnaw	Glenluce Surgery	Permanent	0.677
Provision of Primary Care Services -Lochree	Glenluce Surgery	Permanent	0.705
Water Hygiene and Legionella prevention	Integrated Compliance Services	3 years	0.943

Unregulated Procurements

An unregulated procurement is any procurement for:

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

Table 3

Summary of the unregulated procurements (whole life cost value under £50k) completed by NHS Dumfries and Galloway through the portal in 2022/23 with prior year comparisons are shown below:

Unregulated Procurements	2022/23	2021/22
Number of contracts awarded	33	24
Total Contract value	£1.3m	£1.5m

Details of the unregulated procurements awarded in 2022/23 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 directly or carrying out a mini-competition with the suppliers to ensure compliance with best value principles. A request to set aside a national framework requires the approval of

an SFI waiver in advance of taking any action, authorised by the Chief Executive as Accountable Officer. For 2022/23, 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 2022/23 were carried out using this system and no breaches were identified.

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 procurement activity carried out in 2022/23 has concluded that all activity complied with the Procurement Reform (Scotland) Act 2014 and The Public Contracts (Scotland) Regulations 2015, with the exception of one minor issue that arose noted below:

- An unregulated procurement was carried out through the portal for the provision of services in relation to removal of bodies. At the time, the cost was anticipated to be under £50k and five local suppliers were invited to submit via the quick quote process. Only one submission was received and the final estimate for this work based on the submission is now expected to exceed £50k and therefore in complying with the regulations, should have been run as a regulated procurement. The service requires to be carried out by a local supplier given the nature of the specification and after benchmarking against the previous contract costs, it was agreed to accept the bid.

Community Benefits

A Community Benefits clause ensures that the successful supplier(s) will be required to deliver Community Benefits in support of the Boards 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 which have required any Community Benefits clauses however a link to the Community Benefits portal and an explanation of the portal is added to all regulated procurement tender documents published by NHS Dumfries and Galloway regardless of value.

For the term of this report, there have been three requests delivered on the Community Benefits Portal for the Dumfries and Galloway area.

Table 4

Summary of the 3 requests published on the Community Benefits Portal assigned to the NHS Dumfries and Galloway area in 2022/23 (there are no prior year comparisons due to this being a new system)

Who	Where	What
Langlands Fundraising Committee	Dumfries	Equipment for children with learning difficulties
Black and Gold Foundation	Annan	Refurbishment of a multi use games area (MUGA) to support local children
Action for Children	Upper Nithsdale	Support for a family service and swap shop

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.

Spend with Local Suppliers

Table 5

Expenditure that can be identified on local suppliers, that is suppliers with a DG postcode. 2022/23 has seen an increase of £1m from last year

Spend with local suppliers <i>(taken from Spikes Cavell national reporting tool)</i>	2022/23	2021/22
Spend locally	£3.8m	£2.8m
% of overall trade spend	6.9%	5.3%
Number of local suppliers	94	95
Largest Spend with one supplier	£0.77m	£0.47m

Regulated Procurements due to commence

Table 6

Regulated procurements which NHS Dumfries and Galloway expect to undertake over the next two years

Description	Type	Est. Start Date	Est. Value £m
Dental Services	New	2023	TBC
Confectionery	New	2023	TBC
Insurance Inspection-Pressure systems & Loler	Renewal	2023	0.17
Theatre & Kitchen canopy cleaning	Renewal	2023	0.11
Grounds Maintenance	Renewal	2023	0.35
Planned preventative and reactive maintenance Fire Alarm systems	Renewal	2023	0.15

Description	Type	Est. Start Date	Est. Value £m
Planned preventative & reactive maintenance Security & CCTV systems	Renewal	2024	0.08
Window Cleaning	Renewal	2024	0.12
Property maintenance – Exterior services	Renewal	2024	0.27
Dental Equipment Servicing & repair	Renewal	2024	0.08
Temperature Monitoring system	Renewal	2024	0.10

Other Information required by Scottish Ministers

Appendix 2 includes a proforma 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 2022/23

APPENDIX 1

Type	Service Procured	Awarded Supplier Name	Estimated contract value £m
Works	Mountainhall - refurbish Integrated Community Equipment Service (ICES) department	Derek Mitchell	0.64
	Nithbank - accommodation refurbishment	William Waugh	0.53
	Mountainhall Ophthalmology refurbishment	RH Irving Construction	0.50
	Central Sterilisation Services Department (CSSD) Steam Plant Installation	Cumbria Mechanical & Plumbing Ltd	0.42
	Renal Plant Replacement	Veolia Water Technologies	0.39
	Annan Hosp & HC Boilerhouse Replacement	James Ramsay	0.25
	Area wide - Portable Appliance Testing	Invincible Security Ltd	0.20
	External Fabric Repairs	Broach Construction Ltd	0.20
	Nithbank Demolition Works	George Beattie & Sons	0.20
	Galloway Community Hospital (GCH) replacement of emergency generator	Westfield Generators	0.15
	Castle Douglas Hospital - External Fabric Repairs	William Waugh	0.13
	DGRI redecoration work	Leonard Mirren Painter & Decorators	0.12
	Fixed Electrical systems & equipment	Guardian Electrical Solutions	0.11
	Oak Tree Family Centre Boilerhouse Refurbishment	James Ramsay	0.11
	Winter Maintenance	Mitie	0.11
	Mountainhall Replacement Chiller unit	SPIE	0.09
	Replacement Chiller Unit	Derek Mitchell Group	0.06
	Mountainhall Boilerhouse - Water Main Replacement	Chalmers Construction	0.05
	GCH & Waverley Health Centre Lighting Replacement	JC Martin	0.05
	Nithbank - accommodation fire sprinklers	Vipond Fire Protection Ltd	0.05
	Mountainhall & Sanquhar Health Centre Lighting Replacement	JC Martin	0.04
	Asbestos Management Surveys	Environtec Ltd	0.03
	GCH replacement Uninterruptible Power Supply (UPS)	Constant Power Services Ltd	0.03
Lockerbie Health Centre – replacement boilers	Cumbria Mechanical & Plumbing Ltd	0.01	
Replacement roadmarkings	Tim Doody	0.01	

Type	Service Procured	Awarded Supplier Name	Estimated contract value £m
Quick Quotes	Movement of deceased bodies	Dignity	0.08
	Voices for Change	Sleeping Giants	0.04
Mini Competition	NP795 Lease of vehicles (Minibus Midpark)	Leaseplan	0.35
	NP795 Lease of vehicles (ICES)	Athlon	0.28
	NP795 Lease of vehicles (3 med vans)	Leaseplan	0.13
	NP795 Lease of vehicles (Transport)	Kinto	0.10
	NP700 Lease of vehicles (Hybrid cars)	Kinto	0.10
	NP795 Lease of vehicles (Estates)	Kinto	0.09

[NOTE: reference to contract is also to be construed as meaning a framework agreement]

1. Organisation and report details	
a) Contracting Authority Name	NHS Dumfries & Galloway
b) Period of the annual procurement report	01 April 2022 to 31 st March 2023
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	6
b) Total value of regulated contracts awarded within the report period	£3.7million
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	5
i) how many of these unique suppliers are SMEs	4
ii) how many of these unique suppliers how many are Third sector bodies	0
3. Review of Regulated Procurements Compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	6
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
4. Community Benefit Requirements Summary	
Use of Community Benefit Requirements in Procurement:	
a) Total Number of regulated contracts awarded with a value of £4 million or greater.	0
b) Total Number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	0
c) Total Number of regulated contracts awarded with a value of less than £4 million that contain Community Benefit Requirements	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 (Each contracting authority sets its own priority groups)	Not recorded
e) Number of Apprenticeships Filled by Priority Groups	Not recorded
f) Number of Work Placements for Priority Groups	Not recorded
g) Number of Qualifications Achieved Through Training by Priority Groups	Not recorded
h) Total Value of contracts sub-contracted to SMEs	Not recorded
i) Total Value of contracts sub-contracted to Social Enterprises	Not recorded
j) Total Value of contracts sub-contracted to Supported Businesses	Not recorded
k) Other community benefit(s) fulfilled	Not recorded

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that included a Fair Work First criterion.	2
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 during the period.	0

6. Payment performance

a) Number of valid invoices received during the reporting period.	63,996
b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)	95.27%
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.	£56.3million
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£22.6million
c) Total procurement spend with third sector bodies during the period covered by the report.	£1million
d) Percentage of total procurement spend through collaborative contracts.	0%
e) Total delivered cash savings for the period covered by the annual procurement report	£179,587 <i>(those identified by procurement team)</i> <i>Total recurring savings deliver</i> <i>£2.197m</i>
f) 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	9
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£1.4 million