



NHS Dumfries and Galloway

Procurement Annual Report

2023/24

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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 2023 to 31st March 2024.

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 (8.4 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 £59.1m for 2023/24 and is therefore required to comply with producing this annual report.

The majority of the trade spend 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	2023/24	2022/23
Number of contracts awarded	13	6
Total Estimated Contract value	£5.6m	£3.7m

Table 2

Details of the regulated procurements awarded in 2023/24 are shown below:

Service Procured	Awarded Supplier	Term of Contract	Estimated Value £m
Lockerbie Surgery Provision of Primary Medical Services	Dr Michael Ramsden	Permanent	0.6
Taxi Service	McLeans Taxis	3years+1+1	2
Estates -Term Refrigeration & Air Conditioning Contractor	Cool & Easy	3years+1	0.5
Estates-Term Heating Engineer Contractor	James Ramsey	3years+1	0.4
Estates-Term Electrical Contractor	JC Martin	3years+1	0.5
Estates-Term Plumbing Contractor	Ian Lewis Plumber	3years+1	0.5
Estates-Term Roofing Contractor	Jardine Roofing	3years+1	0.2
Vending Services	DC7	3years+1+1	0.3
Estates - Theatre & Kitchen Canopy Cleaning	Carters Cleaning	3years+1	0.1
Estates- Chiller Plant maintenance	SPIE Limited now Dalkia EDF	3years+1	0.1
Estates - Engineering Insurance	Bureau Vertas	3years+1	0.1
Estates - Winter Maintenance	Mitie Landscapes	3years+1	0.1
High Fidelity Simulator	MSE Medical UK Ltd	1 off purchase	0.08

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 2023/24 with prior year comparisons are shown below:

Unregulated Procurements	2023/24	2022/23
Number of contracts awarded	25	33
Total Contract value	£3.3m	£1.3m

Details of the unregulated procurements awarded in 2023/24 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. A more detailed review process has been developed in-year to recognise spend that is approaching the regulated procurement limit to prevent breaches occurring and to investigate those that may have breached.

- 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 would be to the Department Head and then 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.

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 2023/24, 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 procurement exercises undertaken in 2023/24 were carried out using this system.

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 no requests published on the Community Benefits Portal for the Dumfries and Galloway area.

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 4

Expenditure that can be identified on local suppliers, that is suppliers with a DG postcode. 2023/24 has seen a decrease of £0.3m from last year

Spend with local suppliers <i>(taken from Spikes Cavell national reporting tool)</i>	2023/24	2022/23
Spend locally	£3.5m	£3.8m
% of overall trade spend	6.6%	6.9%
Number of local suppliers	173	94
Largest Spend with one supplier	£0.4m	£0.8m

Regulated Procurements due to commence

Table 5

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

Description	Type	Est. Start Date	Est. Value £m
Estates – Grounds Maintenance	Renewal	Oct-24	0.35
Estates – Planned prevention & reactive maintenance – Fire alarm systems	Renewal	Nov-24	0.14
Estates - Planned prevention & reactive maintenance – Building security & CCTV	Renewal	Mar-25	0.08
Estates – Property maintenance – exterior services contractor	Renewal	Nov-25	0.26
Estates – Dental equipment, servicing & repair	Renewal	Dec-25	0.08
Estates – Pest Control	Renewal	Feb-26	0.05
Estates – Site security	Renewal	Mar 26	0.35

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 2023/24

APPENDIX 1

Type	Service Procured	Awarded Supplier Name	Estimated contract value £m
Works	Joinery Contractor	Thomson & Jardine	0.1
	Mountainhall - Lab Roof Replacement	Procladd	0.2
	Mountainhall Cardia Rehab	RH Irving	0.5
	Mountainhall residences roof replacement	Lee Glover Roofing	0.1
	Estates - Standby Generator Maintenance 2023-2026	Westfield Generators	0.04
	Estates - Hybrid working HUB (phase 1)	RH Irving	0.02
	Estates - Former ward 15 redecoration	Harkness Painters	0.01
	Estates - wards 15&16 flooring replacement	360 Degrees flooring	0.03
	Estates - Removal of redundant air handling & plant MTC	Cumbria Mechanical & Plumbing Ltd	0.02
	Estates - Biomass Boiler Servicing & maintenance	Pro-Tech Combustion Services Ltd	0.02
	Estates - Domestic Water Services alterations (ph2) Mhall	Derek Mitchell Group	0.06
	Estates - Streetlighting replacement Mhall & Midpark	JC Martin	0.03
	Estates - GCH CCTV system upgrade	VWS Ltd	0.05
	Estates - Annan HC Fire alarm system	JC Martin	0.02
	Estates - Installation of artificial grass (MUGA) Midpark	Allsports Construction	0.02
	Estates - Newton Stewart HC replacement fire alarm system	Lotus Electrical Services Ltd	0.04
	Estates - Renal redecoration	McCartney (Dumfries) Ltd	0.01
	Estates - Renal replacement flooring	360 Degreed Flooring	0.03
	Estates - Supply of Dextra light fittings	Edmundsons Electrical	0.01
	Estates - Lahraig refurbishment	RH Irving	0.3
Quick Quotes	Ethnic Minority Network Staff Development Programme	Neish Training	0.01
Mini Competition	Mini Comp - NP795 Transport-Catering vehicles	Athlon	0.06
	Mini Comp – NP700 ULEV	Kinto	0.9
	Mini Comp -Hybrid	Kinto	0.5
	Mini Comp - SUV	Athlon	0.03

[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 2023 to 31 st March 2024
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	£5.6million
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	8
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	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 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.	12
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.	69,722
b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)	94.78%
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.	£59.2million
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£22.3million
c) Total procurement spend with third sector bodies during the period covered by the report.	£1.2million
d) Percentage of total procurement spend through collaborative contracts.	Not recorded
e) Total delivered cash savings for the period covered by the annual procurement report	£119,399 <i>(those identified by procurement team)</i> <i>Total recurring savings delivered £3.995m</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	7
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£1.3 million