# Table of Contents

1. Procurement Vision / Mission Statement ........................................ 4  
2. Strategy Rationale / Context .......................................................... 5  
3. Strategic aims, objectives & key priorities ...................................... 7  
4. Spend .......................................................................................... 10  
5. Mandatory Obligations ................................................................. 11  
6. Monitoring, reviewing and reporting ............................................. 16  
7. Strategy ownership & contact details ........................................... 17  
8. Policies, tools & procedures ........................................................... 18  
9. Appendix 1 – NHS NSS Services............................................... 19  
10. Appendix 2– Procurement Strategy Action plan ......................... 20  
11. Appendix 3 - PSG Terms of Reference ...................................... 26  
12. Appendix 4 - NSS Prioritisation Output ...................................... 29  
13. Glossary .................................................................................... 30  

DOCUMENT CONTROL SHEET: ......................................................... 32
Introduction / Executive summary

Procurement is a significant enabler underpinning the delivery of our corporate objectives and achieving our vision and mission.

NHS National Services Scotland’s (NHS NSS) 5 year vision is

“Supporting the transformation of health and care.”

NSS, working with others, will enable the transformation of health and care to help improve the health and wellbeing of the people of Scotland.

We will continue to underpin a sustainable and resilient NHS Scotland by providing excellent support services and expertise.

We will assist other public sector organisations where there is value in doing so.

NHS NSS will deliver its vision through 4 strategic objectives:

- Customers at the heart of everything we do
- Increasing our service value
- Improving the way we do things (and)
- Become a great place to work.

This strategy sets out clearly the Procurement objectives of NHS NSS over the period of 2018-2023; taking full ownership of the responsibilities placed on Scottish Public Sector bodies by the latest Procurement regulations and offering a clear pathway to balancing value for money while using our considerable financial resource to support economic growth. This will be done in a way which is both environmentally and ethically responsible. Taking responsibility for the delivery of the objectives and goals within this strategy rests not only within the Procurement team but across our entire workforce. Only through effective collaboration and collective responsibility across every individual NHS NSS colleague will we demonstrate the value that excellent Procurement can deliver.

Colin Sinclair
National Services Scotland Chief Executive
1 Procurement Vision / Mission Statement

**NHS NSS Procurement Vision**
To be recognised as a value added procurement function, fully aligned to NHS NSS services and delivering best value for all stakeholders

**NHS NSS Procurement Mission**
To provide outstanding procurement within NHS NSS that supports the delivery of quality Healthcare services in the most efficient, cost effective and compliant manner
2 Strategy Rationale / Context

2.1 Overview
NHS NSS is a national organisation operating right at the heart of NHSScotland and the wider public sector.

NHS NSS supports customers to deliver their services more efficiently and effectively. Offering shared services on a national scale NHS NSS’ aim is to help its customers save money and free up resources so they can be re-invested into essential services.

The purpose of this strategy is to document how NHS NSS Procurement will support NHS NSS to provide its services to its customers.

2.2 NHS NSS Procurement structure
NHS NSS has a non pay spend of around £318M to support delivery of its objectives. Spend is split between NHS NSS corporate and service expenditure of around £75M with approximately £243M being spent on supporting National Programmes and services. Achieving best value against the corporate expenditure of £75m is currently the primary focus of NHS NSS Procurement and this strategy.

![NHS NSS Spend Profile (£ Millions)](image)

Figure 1 Corporate versus National Programme Spend
Scottish Public Sector Procurement operates under the following legislative framework;

- European Treaties and Directives and
- The Public Contracts (Scotland) Regulations 2015 (Procurement Regulations) and
- The Procurement Reform (Scotland) Act 2014 (the Reform Act).

The interpretation and implementation of this legislative framework is influenced by substantial case law from across the United Kingdom and Europe making this a constantly evolving area within which to operate.

The legislation is reflected within the NHS NSS Standing Financial Instructions relating to Contracts and Corporate Procurement guidance.

The overall governance and strategic leadership within the Board is controlled and directed by the NHS NSS Procurement Steering Group (PSG) whose roles and responsibilities are presented in Appendix 4.

In common with NHS NSS strategy documents this Procurement strategy operates on a rolling 5 year period and is refreshed annually. This strategy covers the period from 2018-2023.
3 Strategic aims, objectives & key priorities

NHS NSS Strategic Objectives
The following four strategic objectives form the basis of how NHS NSS will deliver against its strategy.

- Customers at the heart of everything we do
- Increasing our service value
- Improving the way we do things
- Become a great place to work

These objectives link directly to the NHS NSS Procurement objectives;

Procurement strategic objectives
As well as working closely with the NHS Scotland procurement transformation programme team and playing a lead role in National Board procurement collaboration; NHS NSS Procurement will deliver the following objectives over the term of this Procurement strategy.

Objective 1: Compliance and Governance

Goals

- Comply fully with the Procurement Regulations and the Reform Act
- Promote and drive compliance with NHS NSS Standing Financial Instructions
- Make best use of the regulations to achieve optimal value

Target Areas

- Work closely with the Health Procurement Centre of Expertise to share knowledge and insights
- Promote adherence to the Standing Financial Instructions and regulations through clear communication within NHS NSS
- Measure compliance with suitable audit schemes
- Issue strategies and Procurement reports in line with Procurement Reform Act guidance
- Make it easier for colleagues in NHS NSS to engage with Procurement
- NHS NSS Procurement will advertise and manage all opportunities >£50K
- Ensure public contract register has all contracts >£50K displayed
• Develop innovative approaches with colleagues to support compliant Procurement
• Collaborate where possible with other NHS Scotland organisations on knowledge sharing
• Use technology and systems to support compliant purchasing

Planned Outcomes
• Full audit trail of procurement decisions made
• Improved contract compliance across NHS NSS
• Procurement guidance updated to reflect current legislation

Objective 2: Delivering Savings & Value

Goals
• Support NHS NSS in meeting and exceeding Procurement savings targets
• Promote the Procurement profession and demonstrate added value
• Make Procurement integral to NHS NSS delivery

Target Areas
• Develop and share local contract workplans based on categories of spend
• Efficiently and effectively implement sectoral contracts
• Utilise national contracts where possible
• Work closely with the Health Procurement Centre of Expertise to share knowledge and insights
• Enhance Procurement’s visibility within NHS NSS ensuring colleagues know what contracts are available to use
• Reinvigorate our Supplier Management and development programme in conjunction with our NHS NSS colleagues
• Make it easier for colleagues in NHS NSS to engage with Procurement
• Make it easier for suppliers to engage with Procurement
• Continued focus on Procurement Staff professional development
• Automate procurement processes where possible to reduce admin burden and allow procurement to focus on customers and supplier needs
• Identify key performance indicators and measure and report our progress against these regularly to the rest of NHS NSS
• Collaborate where possible with other NHS Scotland organisations on contract opportunities and knowledge sharing
• Work with finance colleagues on purchase to pay (P2P) processes

Planned Outcomes
• Delivery of the savings identified in Appendix 2
• Delivering ongoing cost avoidances
• Reduction in wasteful administrative activities
• Ensuring contract delivery and additional non-cash benefits from our supply base
Objective 3: Progress Ethical and Sustainable Procurement across NHS NSS

Goals

- To champion, support and promote the benefits of sustainable procurement including supporting the transition to a circular economy applying whole life costing, early supplier involvement and encouraging innovative products and solutions
- To be compliant with the Reform Act and the general and specific duties it imposes on Scottish authorities, including the Sustainable Procurement Duty
- To embed sustainability in procurements in a relevant and proportionate manner, as required by the Reform Act and to provide best value and secure wider social, economic and environmental benefits
- To promote and support NHS NSS strategic objectives, key priorities and policies.
- Embed ethical procurement into NHS NSS procurement processes

Target Areas

- Use the Scottish Government’s (SG) Sustainable Procurement Tools (Sustainability Test) within all regulated procurement activity, including the Prioritisation Tool to prioritise and focus on those commodities/categories of spend starting with the procurement work plan FY 2017-18 that offer the greatest potential sustainable outcomes
- Update the Procurement Strategy with the results of these activities annually
- Work within NHS NSS sustainability programme structures to promote visibility of the sustainable procurement duty to colleagues and need for action
- Work closely with internal sustainability leads to integrate seamlessly procurement activity within the wider NHS NSS sustainability framework
- Make it easier for medium, small and micro suppliers to work with NHS NSS by providing easier access to contracting opportunities
- Utilise supported businesses as much as possible
- Look to promote opportunities with 3rd sector organisations where possible
- Collaborate where possible with other NHS Scotland organisations on contract opportunities and knowledge sharing to drive improvements in sustainable procurement.

Planned Outcomes

- Identified risk and opportunities
- Compliance with the Sustainable Procurement Duty
- Improved accessibility to contracts for SMEs, Social Enterprises and Third Sector
- Reduced environmental harm from our supply chain
- Demonstrable and measurable sustainable outcomes.
4 Spend

Achieving best value against the corporate & service expenditure of £75M is currently the primary focus of NHS NSS Procurement. The following chart from the 2016-17 Financial Year provides a high level overview of where NHS NSS spends its money each year to fund its operations;

Figure 2 NHS NSS Spend by Product / Service 2016-17
5 Mandatory Obligations

5.1 Introduction
This section documents NHS NSS Procurement’s approach to meeting the mandatory requirements of the Reform Act.

5.1.1 Regulated & OJEU Procurements
All Regulated Procurements which are broadly those Procurement exercises with a value in excess of £50K to which the Procurement Regulations and the Reform Act apply, will be advertised on the Public Contracts Scotland (PCS) website. As NHS NSS will advertise, and subsequently award, on the PCS website the functionality of the site will automatically publish and maintain our contract register for public viewing.

5.1.2 Achieving our purpose
To ensure benefits are delivered effectively Procurement will engage closely with colleagues who are subject matter experts on substantive Procurements. For those regulated Procurements of a value between £50K and the threshold value at which the Procurement Regulations apply we will utilise the Procurement Journey Route 2 which documents, in detail, how such procurement exercises should be undertaken within the Public Sector in Scotland. All Procurement exercises above the threshold at which the Procurement Regulations will be delivered using the Procurement Journey Route 3. The Procurement Journey is developed to facilitate the public Procurement regulations and by following this journey provides assurance of equal and fair treatment of all suppliers bidding for projects.

5.1.3 Delivery of value for money
NHS NSS Procurement will obtain value for money through best practice contracting and supplier management and through undertaking key strategic procurement activities including: early market engagement; splitting requirements into appropriate lots to better facilitate SME/Third Sector and Supported Business participation; maximising the impact of each pound spent by including Community Benefit Clauses; evaluating on the most economic and advantageous criteria; utilising output based specifications; challenging the need and demand management; ensuring robust contract management & application of effective commercial evaluation models. The Procurement team’s skills will be developed using the Procurement Competency Framework details of which can be accessed in the Policies, Tools & Procedures section working within the NHS E-KSF developmental framework.

5.1.4 Utilising the Scottish Model of Procurement
NHS NSS procurement works within the national context under the Scottish Model of Procurement;
Each Market Category of spend has a broad commercial ‘Tier 1’ strategy driven by the type of goods or services procured and their fit to the NHS Scotland Contracting Framework. The NHS Scotland Contracting Framework is designed to aggregate demand across the Public Sector to a level where best value can be achieved. The framework establishes the lead contracting authority and allocates contracts into ‘Contracting Categories’ which define this responsibility. The framework ‘Contracting Categories’ relevant to NHS Scotland are:

Category A – Contracted for all Scottish Public Sector bodies by Procurement Scotland.

Category B – Contracted for all NHS Scotland organisations by NHS National Procurement.

Category C – Contracted individually by NHS Scotland organisations, including NHS NSS.

5.1.5 Engaging with our service users

NHS NSS Procurement’s work impacts service users directly in many ways; be it donor beds for the Scottish Blood Transfusion service or management and transportation of GP patient records. NHS NSS Procurement will work with colleagues in NHS NSS to utilise NHS NSS embedded approaches to facilitate NHS NSS Procurement to better engage with the public.
5.1.6 Engaging with Suppliers

NHS NSS Procurement will continue to identify all service and product spend that is eligible to be subject to regulated procurements and will place this spend on its activity work-plan to ensure all spend is advertised to the market through Public Contracts Scotland.

As each contracting activity is different, market engagement strategies will primarily be defined within the individual contracting strategy. NHS NSS Procurement however will continue to engage with the wider market through events such as Procurex & Procurement 4 Health (P4H) along with participating in smaller supplier focused events as they arise such as those facilitated by the Supplier Development Programme. Additionally, we will work with the National Procurement category teams to leverage their work and engagement with our key suppliers.

Requirement Specifications for Regulated Procurements will maintain the core philosophy of being ‘outcome based’ to ensure as wide participation as possible with clear, concise wording to minimise misinterpretation. Where possible, administration burden will be reduced for suppliers by use of electronic procurement systems which promote data re-use using concepts such as the European Single Procurement Document (ESPD) meaning suppliers can enter their details once and then re-use for all further competitions.

Utilising procurement procedures such as Dynamic Purchasing Systems (DPS) can also greatly reduce supplier administration burden and speed up tender procedures for individual contracts under the DPS and open up the opportunity to as wide a range of suppliers as possible; NHS NSS has one of these systems in place currently and is actively looking at other areas where this approach could be applied.

5.1.7 Sustainable Procurement Duty

NHS NSS Procurement will meet our Sustainable Procurement Duty through the use of the following Scottish Government tools:

- Scottish Public Procurement Prioritisation Tool;
- The Sustainability test;
- Life Cycle Impact Mapping; and
- the Scottish Flexible Framework.

Appendix 3 details the outcome of the prioritisation exercise carried out in 2017. The top 4 areas are our current specific focus to ensure our products and services here are being delivered in alignment with the Duty. Application of the Sustainability test helps us to clarify objectives within each area which we then share with our key suppliers through contract management activity.

All regulated procurements now incorporate the Sustainability test, with whole life costing being applied where suitable. Life Cycle Impact Mapping is an area that we are investigating for our product areas as product spend is less than 20% of our total spend.
Of key importance is the Flexible Framework tool. This is a comprehensive evaluation methodology which seeks to assess all areas of the procurement organisation against a suite of best practice approaches. The tool outputs an action plan to support the user in developing approaches and procedures to drive sustainable procurement within an organisation to best in class levels. NHS NSS Procurement assesses itself using this tool on a regular basis.

5.1.8 Community benefits

In support of our commitment to the Sustainable Procurement Duty, we will commit to identify opportunities to embed community benefits within our contracts. These will

- relating to —
- training and recruitment, or
- the availability of sub-contracting opportunities, or
- which is otherwise intended to improve the economic, social or environmental wellbeing of the authority’s area in a way linked to the main purpose of the contract in which the requirement is included.

The primary approach we will utilise to identify opportunities will be to run the sustainability test at contract strategy stage. This will be completed in full consultation with our expert user group, this exercise will highlight priority areas that could be included within the contract to deliver associated community benefits.

5.1.9 Food Procurement

NHS NSS will work closely with NHS National Procurement to ensure the highest level of standards are maintained in both the obtaining of food supplies and the onsite preparation of food to ensure the wellbeing of our staff and visitors. Utilising the skills, knowledge and experience of NHS National Procurement will provide assurance that the highest standards of animal welfare is maintained at all times and that we are aware and are operating to the latest legislative requirements. Policy details can be located in section 8.

5.1.10 Scottish living wage

As a responsible Procurement organisation, NHS NSS understands that Public Procurement is a key driver of policy development and service delivery which supports sustainable economic growth. As such we take seriously the need to balance value for money with fair and equal pay for those employed in delivering our goods and services.

It is not possible to set payment of the Living Wage to staff as a mandatory requirement within a competitive procurement process where the Living Wage is greater than any minimum wage set by or in accordance with law.

NHS NSS supports the Scottish Government’s position that;
“...employers whose staff are treated fairly, who are well-rewarded, well-motivated, well-led, have access to appropriate opportunities for training and skills development, and who are a diverse workforce are likely to deliver a higher quality of service. Further, we hold that good relationships between employers and their workforce contribute to productivity and ultimately sustainable economic growth.”

Further, NHS NSS supports the Scottish Government’s belief that it considers;

“...the payment of the Living Wage to be a significant indicator of an employer’s commitment to fair work practices and that payment of the Living Wage is one of the clearest ways that an employer can demonstrate that it takes a positive approach to its workforce.”

Our Procurement team have all received training in sustainable procurement and have developed an understanding of the Procurement Reform (Scotland) Act 2014 and its associated implications. We have utilised the available tools to identify at risk services in this regard through the prioritisation tool and sustainability tests and have begun evaluating fair working practices in associated regulated tenders.

5.1.11 Compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974

The primary areas for Health & Safety considerations would be on building related procurements. As such we work closely with our facilities team on both the tendering and contract management aspects. We have delivered awareness sessions on the Procurement Reform (Scotland) Act 2014 and work closely with facilities in managing the Hard and Soft Facilities management contracts for NHS NSS.

Our facilities team are construction site safety management certified which includes legal and practical knowledge of health and safety management on construction works including the Health and Safety at Work, Etc. Act 1974. This supports our in-house capability to ensure any works completed on behalf of the NHS NSS are performed to the latest Health and Safety standards. All building tenders and quotes are run in accordance with the Construction (Design and Management) Regulations 2015.

5.1.12 Fair & Ethical Trading

NHS NSS Procurement has started to include conditions relating to compliance with environmental, social and employment law within its contracts. We will work closely with our sector Centre of Excellence, colleagues in Scottish Government and across the wider public sector to understand and implement latest practice approaches to assuring our supply chains operate to the highest ethical standards.

5.1.13 Payments to Contractors & Sub Contractors

NHS NSS Procurement realises the importance of ensuring our suppliers and in turn, their suppliers’ cash flows are maintained. In support of this priority we monitor and measure payments to our contractors on a monthly basis. We will carry out a sample audit of our key contractors’ payment times to their sub contractors.
6 Monitoring, reviewing and reporting

6.1 Monitoring our objectives
The objectives presented in Appendix 2 – Procurement Strategy Action plan will be measured and shared with the Procurement Steering Group on a monthly basis. A six monthly progress report will also be prepared for the Executive Management Team.

6.2 NHS NSS Contract Register
NHS NSS supports the requirement of the Reform Act to publish and maintain a public facing contracts register. NHS NSS will utilise the functionality available on the Public Contracts Scotland website. All NHS NSS public contracts of value above £50,000 shall appear on this register. In practice NHS NSS will publish many contracts below this threshold, further evidencing our commitment to transparency.

6.2.1 Approach to Framework Call Offs
Any call off from a Framework Agreement with a single supplier that exceeds or is expected to exceed (in the case of multiple call offs) a value of £50,000 over the lifetime of the Framework will have an associated contract award notice placed on Public Contracts Scotland advertising this fact.

6.3 Annual Report
The first NHS NSS Procurement annual report will be published in the 1st quarter of the 2018-19 financial year in line with statutory guidance.

The NHS NSS Procurement annual report will be approved by the NHS NSS Procurement Steering Group in the 1st quarter of each financial year and then will be presented to the NHS NSS Performance and Finance Committee for final approval before publishing on the NHS NSS website. The annual report will contain the following information as a minimum:

- 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 NHS NSS Procurement strategy.
- To the extent that any Regulated Procurements did not comply with the Reform Act, reasons for this and a statement of how NHS NSS Procurement 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 financial 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 NHS NSS expects to commence in the next two financial years.
7 Strategy ownership & contact details

In line with the Reform Act and to ensure our Annual Procurement report details our performance against strategy, this strategy will be subject to formal annual review by the NHS NSS Performance & Finance Committee. This will take account of any changes to organisational objectives and in NHS and Scottish Government policies and strategies. This review will also take account of the key targets and National Framework objectives under development by the Procurement Steering Group.

Strategy Owner: Stevie Mclaughlin
Designation: Head of Procurement
Email: steven.mclaughlin@nhs.net
Telephone: 01698 794578
8 Policies, tools & procedures

National Policies, Tools and Legislation:-

Scottish Model of Procurement
Changes to European Directives
Public Procurement Reform Programme
Procurement Reform Act Statutory Guidance
The Procurement and Commercial Improvement Programme
Suppliers Charter
Health and Social Care Standards
EU Procurement Thresholds
Procurement Journey
PCIP
Public Contracts Scotland
Public Contracts Scotland – Tender
Information Hub
The Construction (Design and Management) Regulations 2015.
The Sustainable Public Procurement Prioritisation Tool
http://www.zerowastescotland.org.uk/
http://www.resourceefficientscotland.com/
The Scottish Health Council
The Procurement Competency Framework
NHSS Additional Terms and Conditions of Supply (Food) 2015
NHS NSS Control of Contractors
NHS NSS Corporate Policies and Statements can be located here.
9 Appendix 1 – NHS NSS Services

Services below:

<table>
<thead>
<tr>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information and Intelligence</strong></td>
</tr>
<tr>
<td>Data management, analytics and intelligence consultancy service, research, innovation, audit and clinical trials support, health management and information libraries, audit and clinical trials support</td>
</tr>
<tr>
<td><strong>Health protection</strong></td>
</tr>
<tr>
<td>Immunisation and preventative programmes, health threat surveillance, incident and outbreak management, healthcare associated infection, travel and international health, workforce education and development, research and intelligence</td>
</tr>
<tr>
<td><strong>Specialist healthcare</strong></td>
</tr>
<tr>
<td>Specialist clinical services, population screening, national network management services</td>
</tr>
<tr>
<td><strong>Logistics</strong></td>
</tr>
<tr>
<td>Warehouse operations, supply chain, distribution, fleet management, ward product management</td>
</tr>
<tr>
<td><strong>Procurement</strong></td>
</tr>
<tr>
<td>Strategic sourcing, commercial services, procurement services</td>
</tr>
<tr>
<td><strong>Programme management</strong></td>
</tr>
<tr>
<td>Portfolio management, programme and project delivery, programme assurance, programme management office</td>
</tr>
<tr>
<td><strong>Facilities</strong></td>
</tr>
<tr>
<td>Capital projects, asset management, equipping services, engineering, environment and decontamination, facilities management</td>
</tr>
<tr>
<td><strong>Legal</strong></td>
</tr>
<tr>
<td>Litigation, employment, commercial property, commercial contracts</td>
</tr>
<tr>
<td><strong>Information Technology</strong></td>
</tr>
<tr>
<td>Architecture and consulting, contract, vendor and service management, it project management, solutions and applications, accreditation and testing, solution stewardship, infrastructure services, national infrastructure</td>
</tr>
<tr>
<td><strong>Blood, tissues and cells</strong></td>
</tr>
<tr>
<td>Blood, tissues and cells, clinical services, research, development and innovation, training, testing, quality assurance and regulatory compliance</td>
</tr>
<tr>
<td><strong>Practitioner</strong></td>
</tr>
<tr>
<td>Pharmacy, medical, dental, ophthalmic</td>
</tr>
<tr>
<td><strong>Counter fraud</strong></td>
</tr>
<tr>
<td>Fraud prevention, fraud detection, fraud investigation</td>
</tr>
</tbody>
</table>
### Objective 1: Compliance and Governance

**Objectives, Aim and Outcomes**

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Action Ref.</th>
<th>Procurement Steering Group Measures (Define, track and report a monthly basis)</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full updated SFI's and Corporate Procurement Guidance</td>
<td>1.01</td>
<td>Review NSS SFI's for any required amendments within the Procurement and Contracts sections</td>
<td>May-18</td>
</tr>
<tr>
<td>Public Contract Register detailing &gt;80% of £75M corporate and Service Spend*</td>
<td>1.02</td>
<td>Identify and implement a procurement site to support colleagues in complying with SFIs</td>
<td>Oct-18</td>
</tr>
<tr>
<td>*Note around 25%-35% of spend either under £50K threshold or is spend with other public bodies and out of scope for this measure</td>
<td>1.03</td>
<td>Report on invoice payment times to contractors</td>
<td>Apr-18</td>
</tr>
<tr>
<td></td>
<td>1.04</td>
<td>Sample Audit on key contracts: sub-contractors payment terms</td>
<td>Aug-18</td>
</tr>
<tr>
<td></td>
<td>1.05</td>
<td>Further develop an overarching procurement and SFI compliance suite and</td>
<td>Jun-18</td>
</tr>
</tbody>
</table>

**GOALS**

- Implement in full the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014
- Promote and drive compliance with NHS NSS Standing Financial Instructions
- Make best use of the regulations to achieve optimal value

**OUTCOMES**

- Full audit trail of procurement decisions made
- Improved contract compliance across NHS NSS
- Procurement guidance updated to reflect latest legislation
<table>
<thead>
<tr>
<th>Objective 2: Delivering Savings &amp; Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives, Aim and Outcomes</strong></td>
</tr>
<tr>
<td>Performance Indicator</td>
</tr>
<tr>
<td>----------------------------------------</td>
</tr>
<tr>
<td>1.06 Aim to drive all contract spend over £10K to the Public Contracts Scotland Portal</td>
</tr>
<tr>
<td>1.07 build a central contract portal, which allows colleagues to search for available contracts</td>
</tr>
<tr>
<td>1.08 Review sole source process with a view to reducing non-SFI compliant agreements</td>
</tr>
<tr>
<td>1.09 Review tendering governance approach with a view to becoming more efficient</td>
</tr>
</tbody>
</table>
## GOALS
Support NHS NSS in meeting and exceeding Procurement savings targets  
Promote the Procurement profession and demonstrate added value  
Make Procurement integral to NHS NSS delivery

## OUTCOMES
Delivery of the corporate savings target  
 Delivering ongoing cost avoidances  
Reduction in wasteful administrative activities  
Ensuring contract delivery and additional non-cash benefits from our supply base  
Improve contract compliance across NHS NSS  
Highly professional and engaged procurement team

<table>
<thead>
<tr>
<th>Deliver 2018-19 Corporate Procurement Savings target of £1M</th>
<th>2.01 Identify, track and deliver a number of key savings initiatives that will deliver the £0.5M Cash Reducing Efficiency Savings target for FY18-19</th>
<th>Mar-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement national &amp; sectoral contracts within 4 weeks of commencement date</td>
<td>Develop local contract workplan based on spend categories</td>
<td>Mar-19</td>
</tr>
<tr>
<td>2.02 Identify, track and deliver a number of key savings initiatives that will deliver the £0.5M cost avoidance target for FY18-19</td>
<td>Nov-18</td>
<td></td>
</tr>
<tr>
<td>2.03 Identify &amp; deliver 3 projects in conjunction with the other National Boards that will deliver joint benefits</td>
<td>Mar-19</td>
<td></td>
</tr>
<tr>
<td>2.04 Develop further coverage of collaborative spend with relevant UK Forum and EBA contracts</td>
<td>Mar-19</td>
<td></td>
</tr>
<tr>
<td>2.05</td>
<td>Grow value of supply under procurement management from £6m to £20M</td>
<td>Mar-19</td>
</tr>
<tr>
<td>2.06</td>
<td>Deliver at least one project that is innovative in its approach to contracting which will reduce admin burden and make it easier for NHS NSS and its suppliers to work with each other</td>
<td>Dec-18</td>
</tr>
<tr>
<td>2.07</td>
<td>Streamline admin processes to release key resource to focus on value add activity</td>
<td>Mar-19</td>
</tr>
<tr>
<td>2.08</td>
<td>NHS NSS Procurement team ongoing development in line with Turas and best practice procurement approaches to inform development plans</td>
<td>Mar-19</td>
</tr>
</tbody>
</table>
### Objective 3: Progress Ethical and Sustainable Procurement across NHS NSS

#### Objectives, Aim and Outcomes

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Action Ref.</th>
<th>Procurement Steering Group Measures (Define, track and report a monthly basis)</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOALS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To be compliant with the Procurement Reform (Scotland) Act 2014 and its general and other duties, including the Sustainable Procurement Duty.</td>
<td>Meet level 4 requirements of Flexible Framework</td>
<td>3.01 Ensure all procurement staff have an up to date knowledge of latest practice sustainable procurement</td>
<td>Mar-19</td>
</tr>
<tr>
<td>To facilitate, support and promote the benefits of sustainable procurement including supporting the transition to a circular economy apply whole life costing, early supplier involvement and encourage innovative products and solutions</td>
<td>Identify and deliver at least 5 sustainable benefits within the NHS NSS Supply Chain</td>
<td>Mar-19</td>
<td></td>
</tr>
<tr>
<td>Embed ethical procurement into NHS NSS procurement processes</td>
<td>Demonstrate credible progress on implementation of best practice ethical procurement</td>
<td>Mar-19</td>
<td></td>
</tr>
<tr>
<td>To provide best value and secure wider social, economic and environmental benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To promote and support NHS NSS strategic objectives, key priorities and policies.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action Ref.</th>
<th>Procurement Steering Group Measures (Define, track and report a monthly basis)</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.02</td>
<td>Identify and implement at least one contracting opportunity with a supported business</td>
<td>Mar-19</td>
</tr>
<tr>
<td>3.03</td>
<td>Identify and engage with 3rd party expertise in ethical procurement to develop an effective action plan</td>
<td>Mar-19</td>
</tr>
</tbody>
</table>
## OUTCOMES

<table>
<thead>
<tr>
<th>Area</th>
<th>Action Description</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrable and measurable sustainable outcomes</td>
<td>Continue a monthly process of reviewing flexible framework and implementing the associated action plan</td>
<td>Mar-19</td>
</tr>
<tr>
<td>Compliance with the Sustainable Procurement Duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved accessibility to contracts for SMEs, Social Enterprises and Third Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced environmental harm from our supply chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.04</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ensure the top 4 spend categories identified from prioritisation have the associated sustainability test completed with identified actions being progressed in each category</td>
<td>Nov-18</td>
</tr>
<tr>
<td></td>
<td>3.06</td>
<td>Jul-18</td>
</tr>
<tr>
<td></td>
<td>All regulated procurements will have an associated sustainability test completed</td>
<td></td>
</tr>
</tbody>
</table>
11 Appendix 3 - PSG Terms of Reference

1. Title

NSS Procurement Steering Group

2. Accountable to

Chief Executive

3. Project Objective

The boards’ key objective is to ensure effective governance and performance of NSS 3rd party spends within NSS.

4. Roles and Responsibilities of Group

1. COMPLIANCE: To ensure all 3rd party spend is appropriately contracted in line with board SFI’s and that NSS procurement activity meets all new requirements set out in the Procurement Reform (Scotland) Bill

2. VISIBILITY: To ensure that all spend data is held appropriately with effective reporting measures in place.

3. SAVINGS: To set targets, measure appropriately and drive procurement efficiency targets.

4. PROCUREMENT PERFORMANCE: To ensure NSS achieves and maintains an upper quartile Procurement & Commercial Improvement Programme (PCIP) Rating against the full question set.

5. DEVELOPMENT: To actively develop NSS procurement practises and lead in the support NSS strategic targets such as increased cross public sector influence

6. COLLABORATION: To lead change in fostering a cross SBU collaborative partnership approach to procurement within NSS. Act as a conduit for NHSS PSG activities and for NSS requests into NHSS PSG.
## 5. Membership

<table>
<thead>
<tr>
<th>Organisation/Division:</th>
<th>Responsibilities:</th>
</tr>
</thead>
</table>
| NSS Director of Finance & Business Services | • Chair of PSG  
• Acts as Project Director on improvement projects identified*  
• Reviews and approves strategies and actions  
• Represents PSG link to NSS Board  
• Provides overall guidance to PSG membership  
• Ensures that risks are being tracked and managed effectively |
| PCF Strategic Sourcing Director | • Provide Strategic Procurement Direction to the PSG.  
• Represents the PSG on the NHSS PSG  
• May act as Project Director on improvement projects identified |
| NSS Head of Procurement | • Represents NSS Operation procurement on PSG  
• Acts as Project Manager on improvement projects identified  
• Supports the Project Director to deliver improvement project objectives  
• Prepares update reports and other documentation required by the Project Director for the PSG |
| Client Lead – SBU’s | • Acts as central coordinator for the SBU he/she represents, this will include work identified in the PSG.  
• Champion for changing working practice and challenging barriers to improvements  
• Ensures effective communication between SBU and PSG creating appropriate channels to disseminate information |
6. Chair

NSS Director of Finance & Business Services

7. Decision Making

Decisions and actions from each meeting will be recorded in the meeting minutes

8. Frequency and Location of Meetings

Monthly held at Gyle Square

9. Papers

Papers will be distributed 1 week in advance of each meeting with meeting minutes available within 10 working days of each meeting.

10. Lifespan

Terms of Reference will be reviewed annually
NHS NSS Procurement completed a review in 2017 of its spend against the Scottish Public Procurement Prioritisation Tool which supports us in developing the social and environmental aspects of commodity strategies for our spend. We plan to review this at least annually to ensure our approaches are informed and up to date.

**Overall Priority Categories**

[Graph showing overall priority categories with bars for risk, scope, and influence.]
### Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity</td>
<td>Classification for NHS NSS to provide the ability to accurately describe the primary business activities of their suppliers.</td>
</tr>
<tr>
<td>Category</td>
<td>A collection of similar commodities grouped together to support category management</td>
</tr>
<tr>
<td>Category Management</td>
<td>a process which relies on cross functional teamwork to generate procurement outcomes that fully satisfy agreed business needs</td>
</tr>
<tr>
<td>European Single Procurement</td>
<td>A single common document intended, by the European Commission, to reduce the administrative burden on bidders and remove some of the barriers to participation in public procurement, especially for small to medium-sized enterprises (SMEs)</td>
</tr>
<tr>
<td>Information</td>
<td>A public &quot;right of access&quot; to information held by public authorities</td>
</tr>
<tr>
<td>Ethical Procurement</td>
<td>'Ethics' in purchasing and supply management can relate to a wide range of issues from supplier business procedures and practices to corruption. The common areas relate to ethics and ethical behaviour in companies include fair-trade, ethical trading, ethical sourcing, social accountability, social auditing, corporate social responsibility, corporate citizenship, codes of conduct and reputation assurance</td>
</tr>
<tr>
<td>Invitation to Tender</td>
<td>A call for bids, call for tenders, or invitation to tender (ITT, often called tender for short) is a special procedure for generating competing offers from different bidders looking to obtain an award of business activity in works, supply, or service contracts.</td>
</tr>
<tr>
<td>Supported Business</td>
<td>An establishment where more than 50% of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market</td>
</tr>
<tr>
<td>Standing Financial Instructions</td>
<td>Details the financial responsibilities, policies and procedures adopted by NHS NSS. They are designed to ensure that financial transactions are carried out in accordance with the law and government policy in order to achieve probity &amp; accuracy.</td>
</tr>
<tr>
<td><strong>Whole Life Costing</strong></td>
<td>A technique used to establish the total cost of acquisition and ownership. It is a structured approach which addresses all the elements of cost and can be used to produce a spend profile of the product over its anticipated lifespan.</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Circular Economy</strong></td>
<td>A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life</td>
</tr>
<tr>
<td><strong>Community Benefits</strong></td>
<td>Community Benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social- economic and or environmental benefits.</td>
</tr>
<tr>
<td><strong>Cost Avoidance</strong></td>
<td>The act of eliminating costs or preventing their occurrence in the first place. It tends not to show up on, but materially impacts, the bottom-line cost and is normally referred to as a “soft” cost saving i.e. negating supplier requests to increase costs, procuring services/goods/ works under budget, obtaining prices lower than the market average/median</td>
</tr>
<tr>
<td><strong>Small and Medium Sized Enterprises</strong></td>
<td>Enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding Enterprises (SMEs) 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro</td>
</tr>
</tbody>
</table>