



**Procurement
Team**

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1. Introduction

The procurement function is a key part of NHS Lothian in making a contribution by optimising the resources available for health priorities. The function is part of the Finance Directorate, reporting to the Director of Finance who is an Executive Member of the NHS Lothian Board. Our work covers £585million spend across a combination of local and collaborative contracts.

As well as arranging strategically important contracts to support the delivery of healthcare, we also provide operational procurement services, ensuring the right products get to hospitals and other healthcare settings at the right time.

To illustrate this further, we:

- Saved NHS Lothian £1.5m over the last year.
- Managed over 188k purchase orders a year.
- Managed over 12,293 customer interactions
- Managed 2654 suppliers

The Scottish Public Procurement Priorities

A set of 7 Public Procurement Priorities for all procurement leaders, developed by the Public Procurement Group and endorsed by Scottish Ministers, were discussed with Heads of Procurement in early 2021, prior to formal publication and issue. These supported the delivery of a robust, sustainable, inclusive, economy and the response to the challenges of the Climate emergency, EU exit and Covid-19. Additionally, they supported a consistent focus across the public sector for the 2022-23 through to 2023-24 financial years.

The priorities – covering leadership, economic recovery, supply chain resilience, sustainability, climate, people and systems – were interwoven with the commitments set out by government in its national framework, and reflected procurement's four '[good for](#)' [outcomes](#). The priorities informed the structure and content of the [Public Procurement Strategy for Scotland](#), which is now the leading cross-sector strategic directive for public procurement bodies in Scotland.

These priorities are reflected in our Annual Procurement Report which, in turn, should be read in conjunction with our [Procurement Strategy](#) detailing our plans for the years ahead.

2. Review of Reporting Period

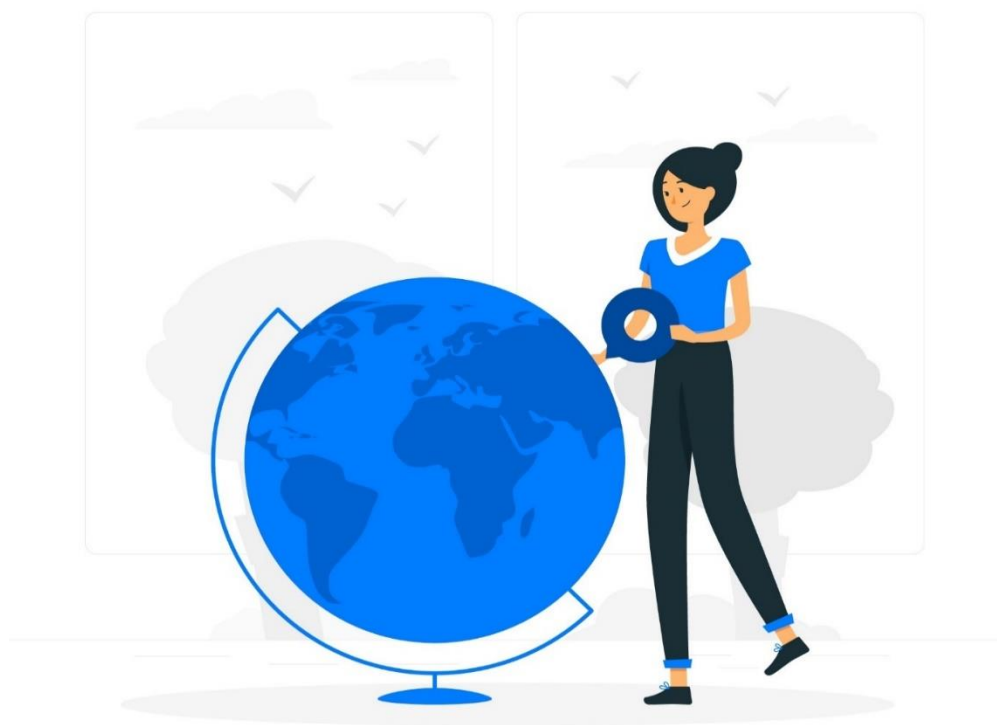
Over another challenging year 2023 -2024, the Procurement Team have continued to demonstrate considerable resilience in delivering results measured against targets and objectives. These achievements are primarily focused on supporting improvement outcomes for the people, communities and businesses of Lothian.

We have experienced some challenges in-year; inflation continued to rise with related cost pressures; and supply chain disruption resulting from legacy issues from the pandemic as well as other geo-political factors. But our focus has not shifted from our objectives.

Achieving the savings figures we report, is a significant achievement in a market where many prices are rising in line with or above unconventional inflation rates.

We continue to be embedded into the strategic, functional and resilience groups across our organisation, being seen as a key business partner in NHS Lothian.

This section of the Procurement Report will look at some specific pieces of work over the last year.



Case Study 1 – Taking Items Off Script

Previously, all wound management products (WMP's) in Primary Care were prescribed via prescription (Scottish Drug Tariff prices).

Analysis demonstrated that procuring core Wound Management Products via procurement on PECOS rather than by prescription, would provide significant cost savings.

A Pilot in Midlothian Health and Social Care Partnership (HSCP) generated savings of £55,000. There are also benefits due to holding the items as stock, not patient specific. Reduced wastage for the same reason is also a benefit.

Due to the success of the Midlothian pilot, it was decided to extend the implementation to the other areas from April 2024 West Lothian, East Lothian and Edinburgh are planned to gradually go live by the end of 2024.



Case Study 2 – Community Benefit Gateway

The Community Benefit Gateway (CBG) is a free and easy to use online service that connects NHS Lothian suppliers with third sector community organisations within Lothian.

It supports community initiatives such as:

- Work placement opportunities.
- Volunteering projects
- The provision of professional advice
- Assistance with building community facilities
- Environmental proposals
- Improving and promoting biodiversity
- Lifelong learning projects (this list is not exhaustive)

In collaboration with Public Health, the CBG helps improve the economic, social and environmental wellbeing of local areas and assists in the reduction of health inequalities across Lothian. CBG's purpose is to establish a positive relationship between appropriate suppliers and third sector community organisations through the fulfilment of community needs.

From April 2023 - March 2024 there have been many needs submitted to the CBG from local third sector community organisations with third sector community organisations within Lothian.

During the year 2023/2024 six community benefit needs were matched with NHS Lothian suppliers.

One example of this in action is the purchase of musical instruments for the Fraser Centre Community Trust provided by Clark Contracts. Credit to Isabella Leung for the Photographs.



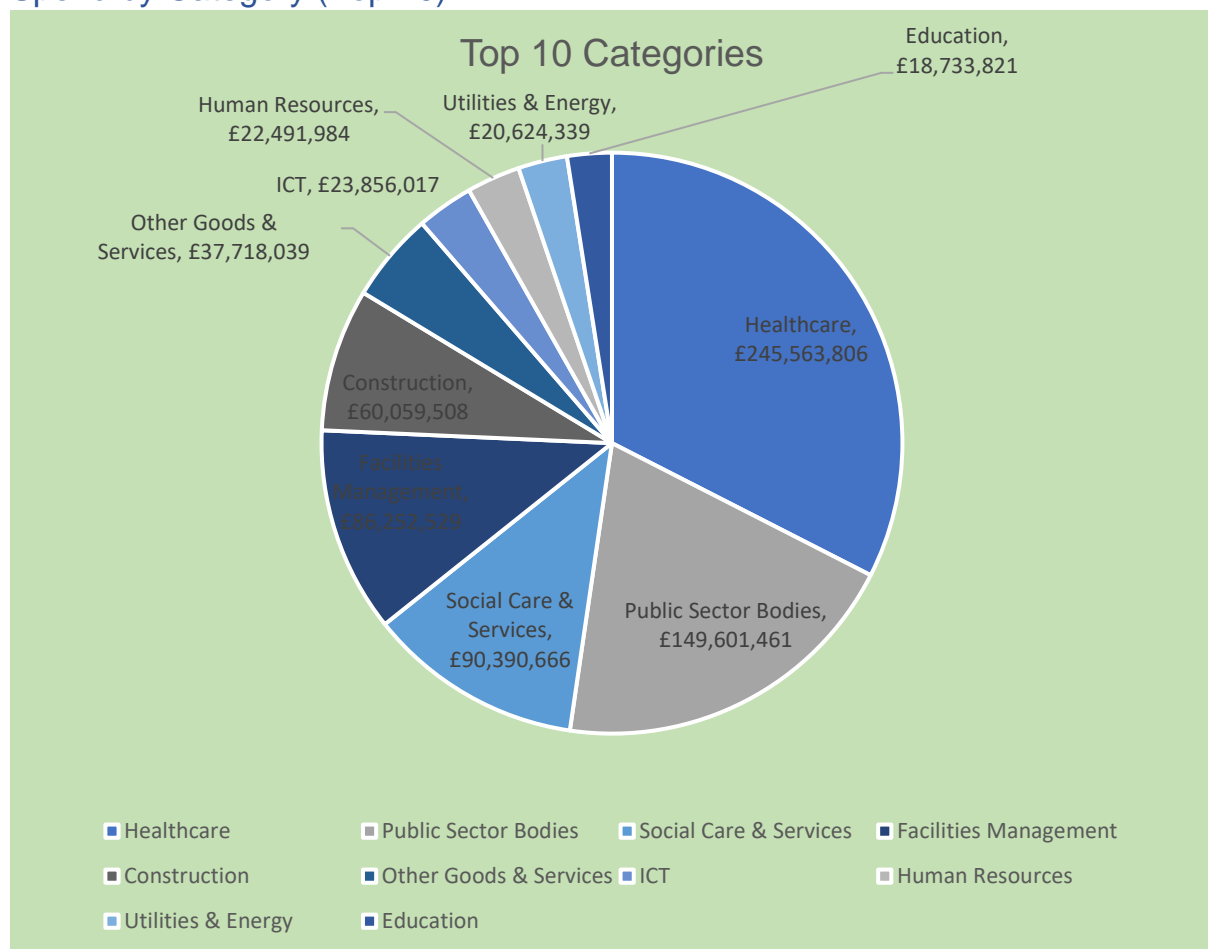
3. Spend

In FY 23-24 NHS Lothian’s total spend was £585 million. Achieving best value from this expenditure is a combination of applying tools such as Category Management; Market Intelligence; Supplier Negotiation; Stakeholder Influencing; Economies of Scale: Innovation: via National, Regional and Local Contracts and arrangements.

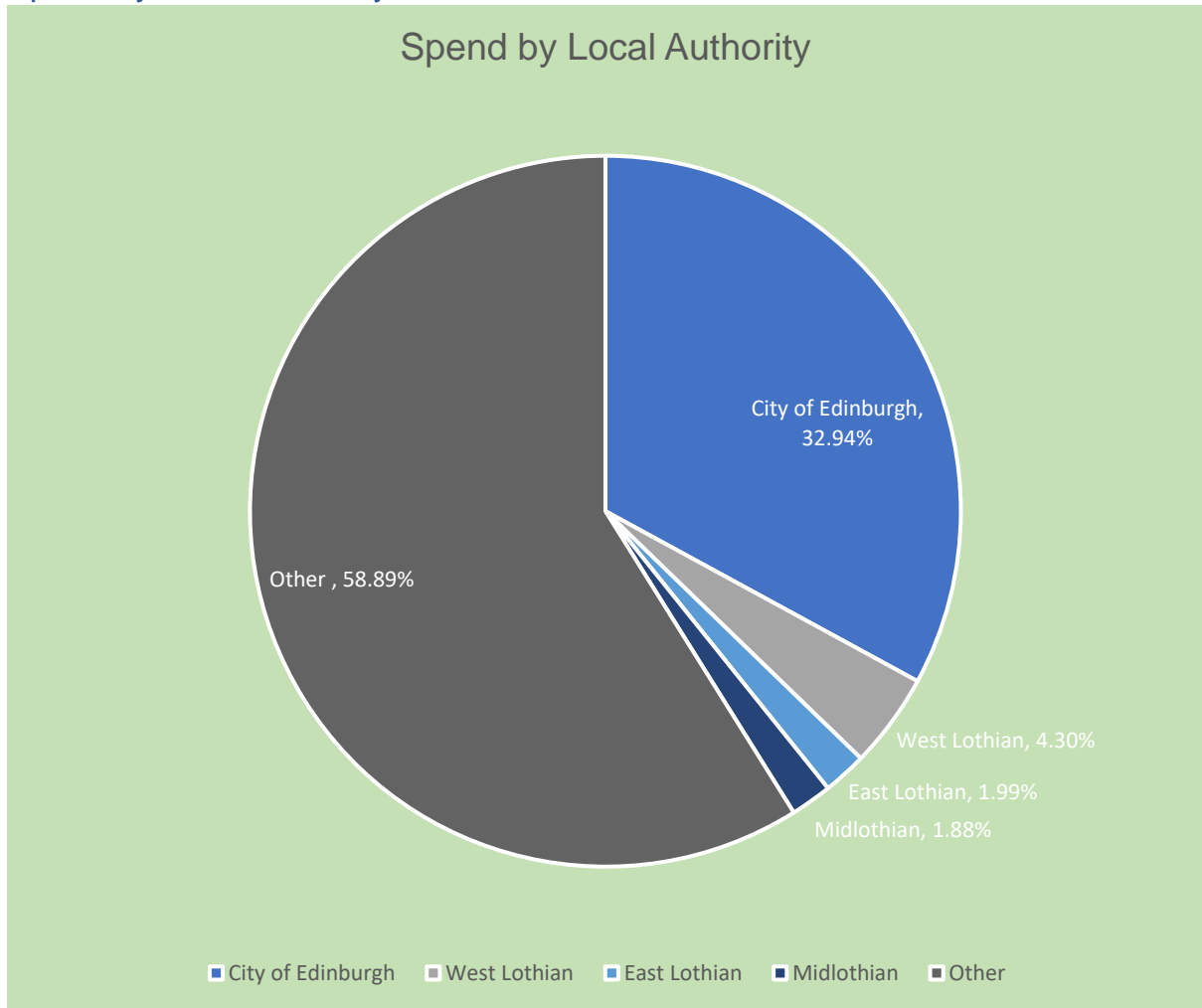
What we spend is as important on where we spend it to harness our power of Procurement to support wider wealth and wellbeing aims for the Lothian population.

Further details on the contracts we have let are available on the [Public Contracts Scotland](#) website.

Spend by Category (Top 10)



Spend by Local Authority Area



4. Measuring and Reporting

Annual Report

This annual Procurement Report and the Procurement Strategy are required to be published on the NHS Lothian website as set out in the Procurement Reform Act.

This annual report will be prepared by the Associate Director of Procurement and reviewed by the Finance and Resources Committee for approval when appropriate.

Communication

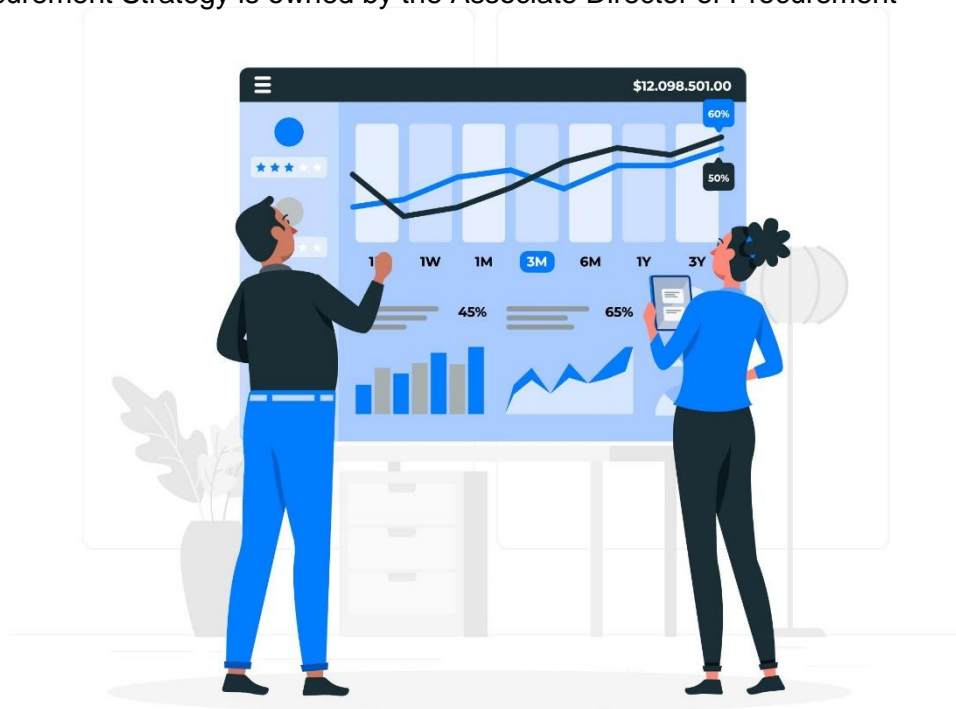
This Procurement Report will be published on the NHS Lothian website as set out in the Procurement Reform Act. The Procurement Strategy/Annual Report will also be shared with all members of the Procurement Team each year by the Associate Director of Procurement.

Objectives

Actions will be tracked in the Business Assurance Work session dedicated to the Procurement Strategy.

Ownership

The Procurement Strategy is owned by the Associate Director of Procurement



5. Completed Regulated Procurements

Title	Value	Supplier
NHS Lothian Radiotherapy Linac Replacement 2023	£3,397,000	Varian Medical Systems UK Ltd (GB)
Provision of Non-Ambulatory Patient Transport	£53,445	Amvale Scotland Ltd (GB)
Sexual Health & Blood Borne Virus Services	£1,298,852	Waverley Care (GB) / LGBT Health and Wellbeing (GB) / LGBT Youth Scotland (GB)
Fire Alarm & Security Systems Maintenance & Repair	£147,869	ADT Fire & Security plc (GB)
NHS Lothian - Critical Ventilation Annual Validation	£48,500	H&V Commissioning Services Ltd (GB)
Shaping Healthy, Safe and Vibrant Communities in West Lothian	£1,000,000	Carers of West Lothian (GB) / CAB West Lothian (GB)
Shaping Healthy, Safe and Vibrant Communities in Midlothian	£350,000	Midlothian Sure Start (GB) / MYPAS (Midlothian Young Peoples Advice Service) (GB)

6. Quick Quotes in Period

52

7. Future Regulated Procurements

Title	Estimated Value	Expected Notice Publication Date
LOTL29921 Adult Orthotic Footwear - LOT	£1,110,000	2024
LOTL22820 Vending Machines	TBC	2024
LOTL22024 Co-Sourced Internal Audit Services	£112,000	2024
LOTL TBC Laboratory Gases	£141,000	2024

Print - stock pick and pack	£419,686	2024
Building Fabric & Maintenance Services (e.g. M&E, Plumbing, Building, Joinery etc)	£330,000	2024
Boiler Service & Maintenance	TBC	2024
Water Risk Assessments	TBC	2024
Water Testing Water Sampling	TBC	2024
Fixed Wire Testing / EICR	TBC	2024
NHSLPESTCON2023 Pest Control Services	£39,300	2024
Child Smile Dental Sundries, Storage and Distribution Portal Ref: 708254	£32,376	2024
LOTL313 Volunteer Services at Royal Edinburgh Hospital	TBC	2024
Laundry Dosing Equipment	TBC	2024
Breast implants	TBC	2024
PAT Testing	TBC	2024
Theatre Pendants Maintenance	TBC	2024
Theatre/Surgeon Control Panels Maintenance	TBC	2024
Catering Equipment Maintenance	TBC	2024
Roller Doors Maintenance	TBC	2024
Plate Heat Exchangers & Associated Equipment Maintenance	TBC	2024
Winter Grit & Gritting	TBC	2024
Gardening Services	TBC	2024
Tree Surgery and Arborist	TBC	2024
Air Conditioning Service & Maintenance	TBC	2024
Cancer HotSpot for Molecular	TBC	2024

8. Reporting Metrics

1. Organisation and report details	
a) Contracting Authority Name	NHS Lothian
b) Period of the annual procurement report	2023 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	7
b) Total value of regulated contracts awarded within the report period	£6,295,666
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	12
i) how many of these unique suppliers are SMEs	10
ii) how many of these unique suppliers are Third sector bodies	7
3. Review of Regulated Procurements Compliance	
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
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	7
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)	0
e) Number of Apprenticeships Filled by Priority Groups	0
f) Number of Work Placements for Priority Groups	0
g) Number of Qualifications Achieved Through Training by Priority Groups	0
h) Total Value of contracts sub-contracted to SMEs	0
i) Total Value of contracts sub-contracted to Social Enterprises	0
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	10 Community Benefit Gateway Benefits delivered

5. Fair Work and the real Living Wage

- | | |
|---|---------------------------------------|
| a) Number of regulated contracts awarded during the period that included a Fair Work First criterion. | <input type="text" value="7"/> |
| 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. | <input type="text" value="7"/> |
| c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract during the period. | <input type="text" value="Not Held"/> |

6. Payment performance

- | | |
|--|--------------------------------------|
| a) Number of valid invoices received during the reporting period. | <input type="text" value="341,312"/> |
| b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.) | <input type="text" value="94.96%"/> |
| c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains. | <input type="text" value="7"/> |
| d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts. | <input type="text" value="0"/> |

7. Supported Businesses Summary

- | | |
|--|---------------------------------------|
| a) Total number of regulated contracts awarded to supported businesses during the period | <input type="text" value="0"/> |
| b) Total spend with supported businesses during the period covered by the report, including: | <input type="text" value="£264,559"/> |
| i) spend within the reporting year on regulated contracts | <input type="text" value="£264,559"/> |
| ii) spend within the reporting year on non-regulated contracts | <input type="text" value="0"/> |

8. Spend and Savings Summary

- | | |
|--|---|
| a) Total procurement spend for the period covered by the annual procurement report. | <input type="text" value="£585,830,102"/> |
| b) Total procurement spend with SMEs during the period covered by the annual procurement report. | <input type="text" value="£201,191,268"/> |
| c) Total procurement spend with third sector bodies during the period covered by the report. | <input type="text" value="£18,272,047"/> |
| d) Percentage of total procurement spend through collaborative contracts. | <input type="text" value="61%"/> |
| e) Total delivered cash savings for the period covered by the annual procurement report | <input type="text" value="£1,548,868"/> |
| f) Total non-cash savings value for the period covered by the annual procurement report | <input type="text" value="0"/> |

9. Future regulated procurements

- | | |
|---|---|
| a) Total number of regulated procurements expected to commence in the next two financial years | <input type="text" value="25"/> |
| b) Total estimated value of regulated procurements expected to commence in the next two financial years | <input type="text" value="£4,368,724"/> |

9. Useful Links

[NHS Lothian Procurement Web Pages](#)

[Public sector procurement – Scottish Government](#)

[Procurement Journey](#)

[PCIP Overview](#)

[Thresholds](#)

[Public Contracts Scotland](#)

[PCS-Tender - Public Contracts Scotland](#)

[Sustainable Procurement Tools](#)

[Procurement Competency Framework](#)

[CIPS - Leading global excellence in procurement and supply](#)

10. Glossary

Term	Definition
Category Management	Is a strategic approach to procurement where organisations group together similar areas of external spend to identify opportunities for consolidation and to create added business value.
Supported Business	Supported businesses are enterprises where over 50% of their workforce have a disability.
Whole Life Costing	Whole life costing is an investment appraisal and management tool which assesses the total cost of an asset over its whole life.
Community Benefits	Community benefits are the method by which local communities and good causes can receive additional social value from public spending
Cost Avoidance	Cost avoidance is the preservation of existing spending to prevent price increases due to inflation, economics or the rising costs of products or services. An example of cost avoidance is when a company purchases an extended equipment warranty to limit maintenance costs or out-of-pocket expenses.
Small and Medium Enterprises (SME)	An SME is any organisation that has fewer than 250 employees

[Illustrations Provided by Freepik](#)