



**Procurement
Team**



**Procurement Strategy
2023 - 2028**

1. Introduction	4
2. Procurement Vision.....	5
3. Mission Statement	6
4. The Next 5 Years	7
5. Strategic Objectives	8
NHS Lothian's Aims.....	8
efficiently and effectively.....	8
Procurement's Objectives.....	9
How They Link	9
Objective 1 - Support implementation the Genesis Point of Care Inventory Management software	11
Objective 2 - Deliver savings to NHS Lothian to reinvest into patient care.....	12
Objective 3 - Implement Sustainable Procurement Action Plan.....	13
Objective 4 -Invest in our People (Grow our Own)	14
6. Spend	15
Spend by Category (Top 10)	15
Spend by Local Authority Area	16
7. Mandatory Obligations	17
Regulated Procurements	17
Achieving our Purpose	17
Delivery of Value for Money.....	17
Scottish Priorities for Public Procurement.....	18
Engaging with service users	19
Engaging with Suppliers	19
Sustainable Procurement Duty	19
Community Benefits	20
Food Procurement.....	20
Scottish Real Living Wage.....	21
Fair and Ethical Procurement	21
Compliance by contractors and sub-contractors with the health and safety at work act 1974	22
Ensuring Contractors and Sub Contractors are paid on time.	22
8. Measuring and Reporting.....	24
Annual Report	24
Communication	24
Objectives	24
Ownership.....	24
9. Useful Links	25

Author	Andy Hay
Approver	Finance & Resources Committee
Version	2.0



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 £567 million 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 £4m over the last year.
- Manage over 186k purchase orders a year.
- Manage over 12,700 customer interactions.
- Manage 2687 suppliers.

This Strategy sets out our objectives over the period of 2023 to 2028 and will be reported on annually via our Procurement Report.

We will deliver our vision and this strategy through four pillars that drive everything we do.

- Customer Focus
- Being the best place to work
- Continuous Improvement
- Maximised Value

2. Procurement Vision

NHS Lothian Procurement Vision

To be a Trusted Partner to our organisation, delivering Commercial Expertise as well as Contracts to all our customers, which are Safe, Best Value, Sustainable and High Quality.



3. Mission Statement

- Ensure patient care, and patient and staff safety are at the heart of all our commercial decisions.
- Be at the forefront of technology to help us be the best Procurement Team we can be.
- Support the wellbeing and wealth of the population of Lothian by delivering contracts and solutions which deliver economic growth and equality, whilst ensuring our actions positively support the Climate Emergency.
- Always getting goods and services to where they are needed and when.
- Maximise value from every opportunity to deliver savings to NHS Lothian
- Be seen as fair and transparent by our suppliers.

4. The Next 5 Years

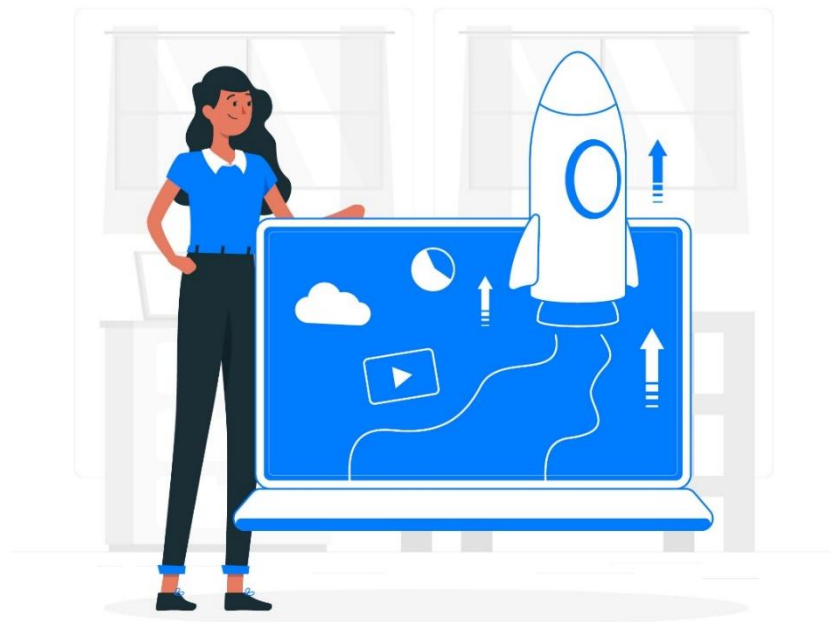
Customer Being easy to do business with is key to supporting our patient facing customers. We will continue to challenge ourselves to make the most customer friendly processes as possible.

People Equipping our staff with the necessary skills to operate in an ever-changing commercial environment is critical to success. We will develop the team with training to allow them to develop the commercial acumen needed for the challenges ahead.

Technology We will harness technology including Artificial Intelligence and Block Chain to release time to procure, making the most of our finite resources. We will implement Point of Care Scanning to deliver patient safety benefits, including traceability and procedure costing.

Sustainability We will deliver our Sustainable Procurement Action Plan to make Sustainability a key part of all Procurement activity as well as supporting the health and wellbeing of the population of Lothian.

Resilience Has never been as important; we will map all our critical products and services to a “Plan B” as part of our Category Management Plans and reduce the risk of disruption to supplies caused by supply chain vulnerabilities and surges in demand be they caused by geo-political or climate emergency events.



5. Strategic Objectives

NHS Lothian's objectives are set out in the [NHS Lothian Strategic Plan](#). They are set out below to show the appropriate linkages to our Procurement Objectives.

NHS Lothian's Aims

1. Prioritise prevention, reduce inequalities and promote longer healthier lives for all
2. Put in place robust systems to deliver the best model of integrated care for our population – across primary, secondary and social care
3. Ensure that care is evidence-based, incorporates best practice, fosters innovation and achieves safe, seamless and sustainable care pathways for patients.
4. Design our healthcare systems to reliably and efficiently deliver the right care at the right time in the most appropriate setting
5. Involve patients and carers as equal partners, enabling individuals to manage their own health and wellbeing and that of their families
6. Use the resources we have – skilled people, technology, buildings and equipment - efficiently and effectively

Procurement's Objectives

How They Link

Objective	Linkages		
	5 Year Plan	Pillars	NHS Lothian
Support implementation the Genesis Point of Care Inventory Management software	Technology	Customer Focus	3. Ensure that care is evidence-based, incorporates best practice, fosters innovation and achieves safe, seamless and sustainable care pathways for patients
Deliver savings to NHS Lothian to reinvest into patient care	Customer	Maximised Value	6. Use the resources we have – skilled people, technology, buildings and equipment - efficiently and effectively
Implement Sustainable Procurement Action Plan	Sustainability	Continuous Improvement	6. Use the resources we have – skilled people, technology, buildings and equipment - efficiently and effectively
Invest in our People (Grow our Own)	People	Being the best place to work	6. Use the resources we have –

skilled
people,
technology,
buildings
and
equipment -
efficiently
and
effectively



Objective 1 - Support implementation the Genesis Point of Care Inventory Management software

The Scan for Safety Programme aims to implement a system wide approach to the tracking and tracing of high-risk devices in Scotland through digital data capture at the point of care.

It will take a “Once for Scotland” approach and will capture medical device data electronically in a consistent format across the NHS, including information on the patient, procedure, clinical staff, information about the device itself and where the procedure takes place.

This work will improve patient safety through enabling device traceability, supporting efficient patient recall, and contribute to the wider monitoring of device performance and clinical outcomes.

We will support clinical and non-clinical teams in implementing this innovative technology.



Objective 2 - Deliver savings to NHS Lothian to reinvest into patient care.

Generating savings to the bottom line is the core business of Procurement. Against a backdrop of various social-political factors Procurement will continue to optimise opportunities to save and mitigate cost pressures wherever possible.

The Director of Finance will in conjunction with the Associate Director of Procurement, agree an annual Savings Target. Performance against this target is reported to the Finance and Resources Committee each year.



Objective 3 - Implement Sustainable Procurement Action Plan

The Action Plan brings together the actions on Procurement from

[Procurement Reform Act Scotland](#)

[NHS Scotland Climate Emergency & Sustainability Strategy](#)

[Anchor Institutions](#)

[Our Procurement Strategy](#)

To deliver our legal obligations and comply with other objectives, this document outlines what we currently do and plan to do, into one place.

To deliver on our Action Plan, we will be dependent on

- Our stakeholders in our Board
- Our partners at NSS National Procurement
- Our Suppliers

Focus on our plan may mean we have to log and come back to emerging ideas from the service, we will commit to log these ideas for subsequent iterations of the plan.

This action plan sits alongside our Procurement Strategy and will be reported to the Boards Sustainability Committee annually.

Please read our Sustainable Procurement Action Plan for more information.



Objective 4 -Invest in our People (Grow our Own)

None of this is possible without our people, who deliver the solutions to complex problems, every day. However, we need to ensure that we have a process to allow career development and new entrants to our team to allow for succession planning and turnover.

To do this we will:

- Offer school placements for S5/S6 pupils from Lothian.
- Commission a further cohort of the Scotland Excel Procurement training programme with our current team
- Develop a Tendering Launchpad programme, taking junior staff through tender exercises, from Strategy to Exit Strategy
Attend Careers Events in Lothian schools, promoting Procurement as a career.



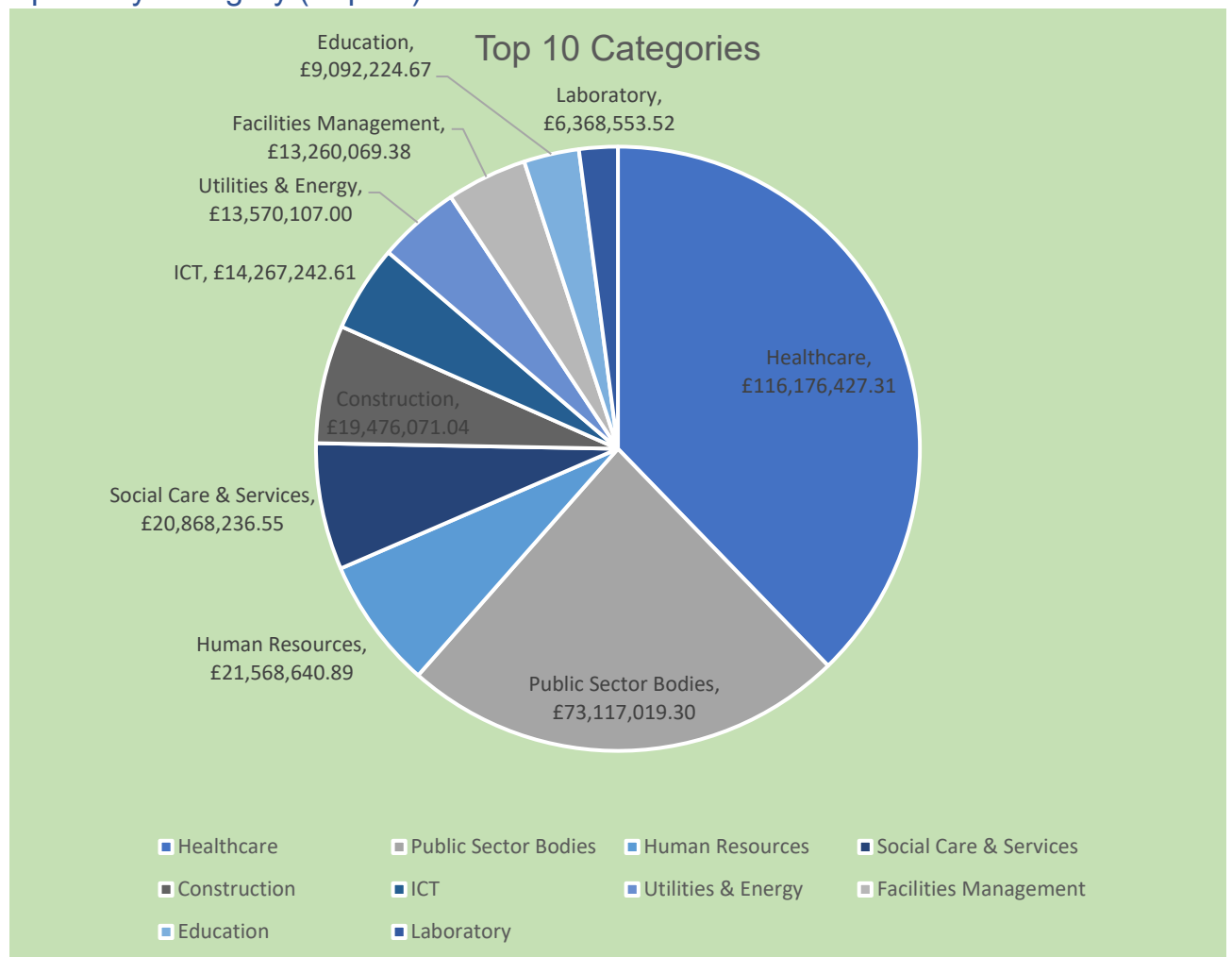
6. Spend

In the last full financial year, NHS Lothian had a total trade spend of £567 million. Getting the best value from this expenditure is a combination of, Category Management, Market Intelligence, Supplier Negotiation, Stakeholder Influencing, Economies of Scale, Innovation, National and Local Contracts.

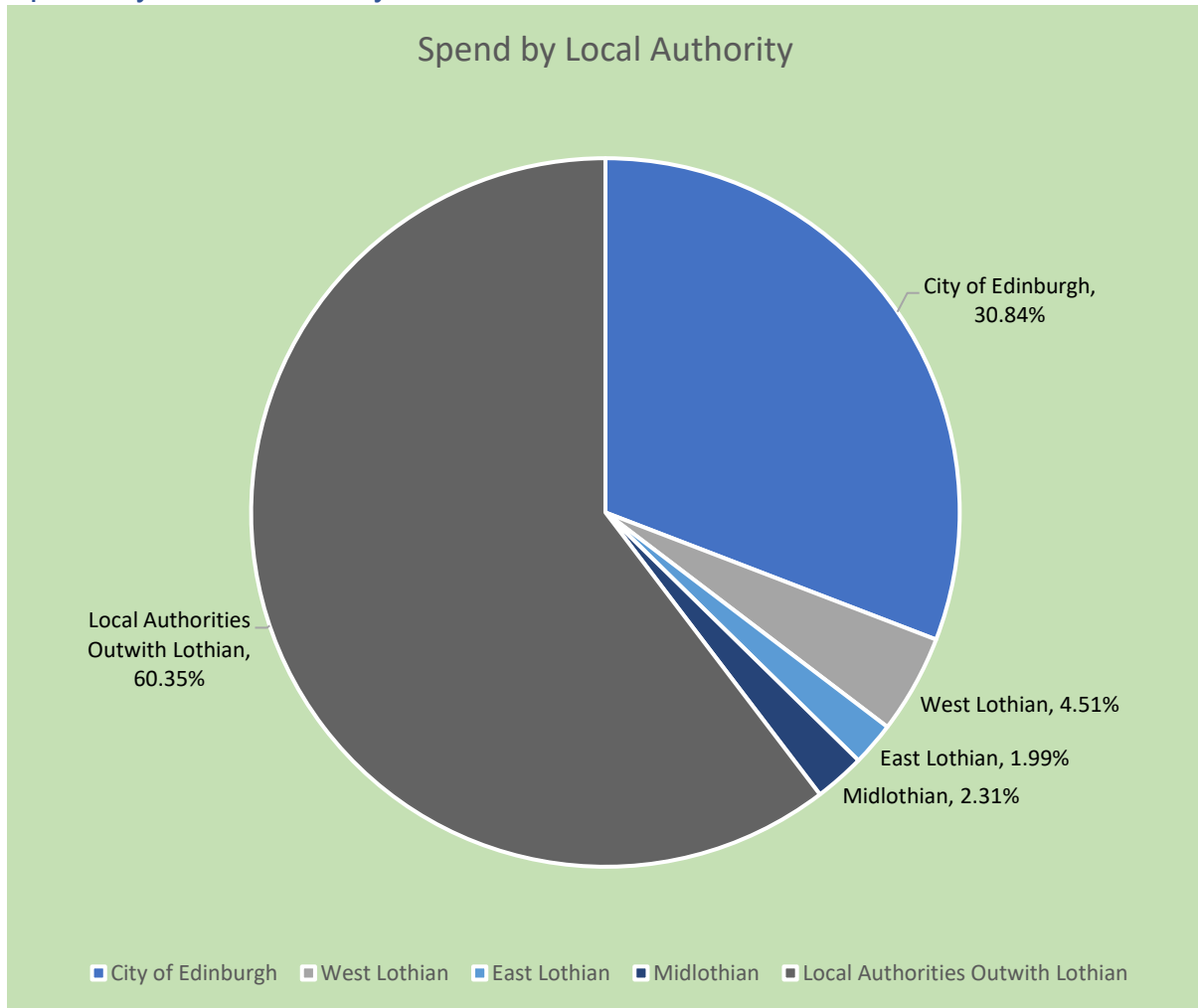
What we spend is as important on where we spend it, this is to harness the power of Procurement to support the wealth and wellbeing of the Lothian population.

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



7. Mandatory Obligations

Regulated Procurements

A regulated contract is a public contract which (other than a public works contract) is equal to or greater than.

Type	Threshold
Public contract (other than a public works contract)	£50,000
Public works contract	£2,000,000

We will publish all regulated procurements on the Public Contracts Scotland website.

Achieving our Purpose

Effective Procurement makes a key contribution to improving health by optimising the resources available for health priorities. This includes, but not limited to:

- Seeking best value through competitive procurement exercises
- Whole Life Costing products and services
- Cost avoidance
- Reduce Waste and Variation
- Process efficiencies
- Lower operating costs

Delivery of Value for Money

We seek value for money from all procurement exercises by using all the relevant legislation and guidance available alongside professional and academic journals. This combined with highly trained Procurement Professionals ensures the best value for money outcome is achieved by the board.

Scottish Priorities for Public Procurement

By developing and delivering this strategy we are committing to the national context under the Scottish Government Priorities for Scottish Public Procurement.



Engaging with service users

We will continue to support and react to changes in the organisation, whether they are internal or external emerging risks and issues.

Our Customer Engagement Workshop has set out an engagement plan for the years ahead, ensuring we are continually improving in this area.

Our [Procurement Helpdesk](#) has been developed to improve responsiveness and support self-service wherever possible.

With Self Service and One-Touch processes at its heart, we will continue to strive to provide high levels of Customer Satisfaction.

Engaging with Suppliers

Our Supplier Relationship Management policy is used to manage our supply base; however, we need to keep an open door to new suppliers.

We will continue to support Meet the Buyer events, locally and nationally so we can talk to new suppliers, advising them on doing business with NHS Lothian as well as learning about innovative new products and services.

We will also hold regular Supplier Surgeries online from 2023. These will be short online meetings where new suppliers can tell us about their products and services. We will also advise them on how to do business with NHS Lothian.

Sustainable Procurement Duty

Sustainable public procurement aims to make the best use of public money, helping us to achieve our overarching purpose and strategic aims.

The sustainable procurement duty, outlined in [Procurement Reform \(Scotland\) Act 2014](#), aligns with the Scottish Government's purpose to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. It is underpinned by the [National Performance Framework](#) and [Scotland's National Strategy for Economic Transformation](#).

The sustainable procurement duty requires that before a contracting authority buys anything, it must think about how it can improve the social, environmental, and economic wellbeing of the area in which it operates, with a focus on reducing inequality.

It also requires a contracting authority to consider how its procurement processes can facilitate the involvement of SMEs, third sector bodies and supported businesses, and how public procurement can be used to promote innovation.

Compliance with the sustainable procurement duty is the mechanism through which public procurement contributes to and tracks its contribution to our overarching purpose.

Like all public sector contracting authorities we set out in our procurement strategy how it intends to comply with the duty, and we are mandated to report annually on progress.

We use the [Sustainable Procurement Tools](#) in regulated procurements to deliver on the duty.

Community Benefits

NHS Lothian is committed to maximising Community Benefits from its procurement activities. This will be achieved through the inclusion of specific clauses within procurement contracts known as Community Benefit Clauses.

Community Benefit Clauses are contractual requirements which deliver wider benefits in addition to the core purpose of the contract. These clauses can be used to build a range of economic, social, or environmental conditions into the delivery of contracts.

[The Public Contracts \(Scotland\) Regulations 2015](#) enable public bodies to include Community Benefits in the procurement process, in certain circumstances.

NHS Lothian will assess all regulated procurements for inclusion of Community Benefit Clauses. NHS Lothian will also use the [Community Benefits Gateway](#) to capture benefit requirements from our community.

Food Procurement

We will support the improvement of health, wellbeing, and education of communities in relation to food by:

- Engaging Public Health, Facilities and Dietician colleagues onto Technical User Groups for food procurements
- Ensuring Healthy Choices are available to patients and staff.

Scottish Real Living Wage

As a Real Living Wage accredited organisation, NHS Lothian ask potential suppliers in our Regulated Procurements to compare themselves to us in the payment of the Real Living Wage. To do this we use the [Scottish Government's Fair Work First](#) policy.

[Fair Work First](#) asks businesses bidding for a public contract to commit to adopting the following:

- appropriate channels for effective voice, such as trade union recognition
- investment in workforce development
- no inappropriate use of zero hours contracts
- action to tackle the gender pay gap and create a more diverse and inclusive workplace.
- providing fair pay for workers (for example, payment of the real Living Wage)
- offer flexible and family friendly working practices for all workers from day one of employment.
- oppose the use of fire and rehire practices.

Fair and Ethical Procurement

NHS Lothian understands the importance of ensuring its acts ensure the promotion and maintenance of high standards of social, ethical, and environmental conduct. We are also committed to ensuring that our suppliers and contractors on our contracts are encouraged to adopt a similar responsible approach.

[NHS Lothian's Ethical Procurement Policy](#) has been developed to consider the *Global Compact*, a widely adopted United Nations standard for responsible business practice, covering human rights, labour rights, the environment and anti-corruption. As a globally recognised and universally applicable set of standards, the Ten Principles of the *Global Compact* form the basis of the Supplier Code of Conduct. The ten principles are:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: the elimination of all forms of forced and compulsory labour
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: undertake initiatives to promote greater environmental responsibility; and

•Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

•Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Compliance by contractors and sub-contractors with the health and safety at work act 1974

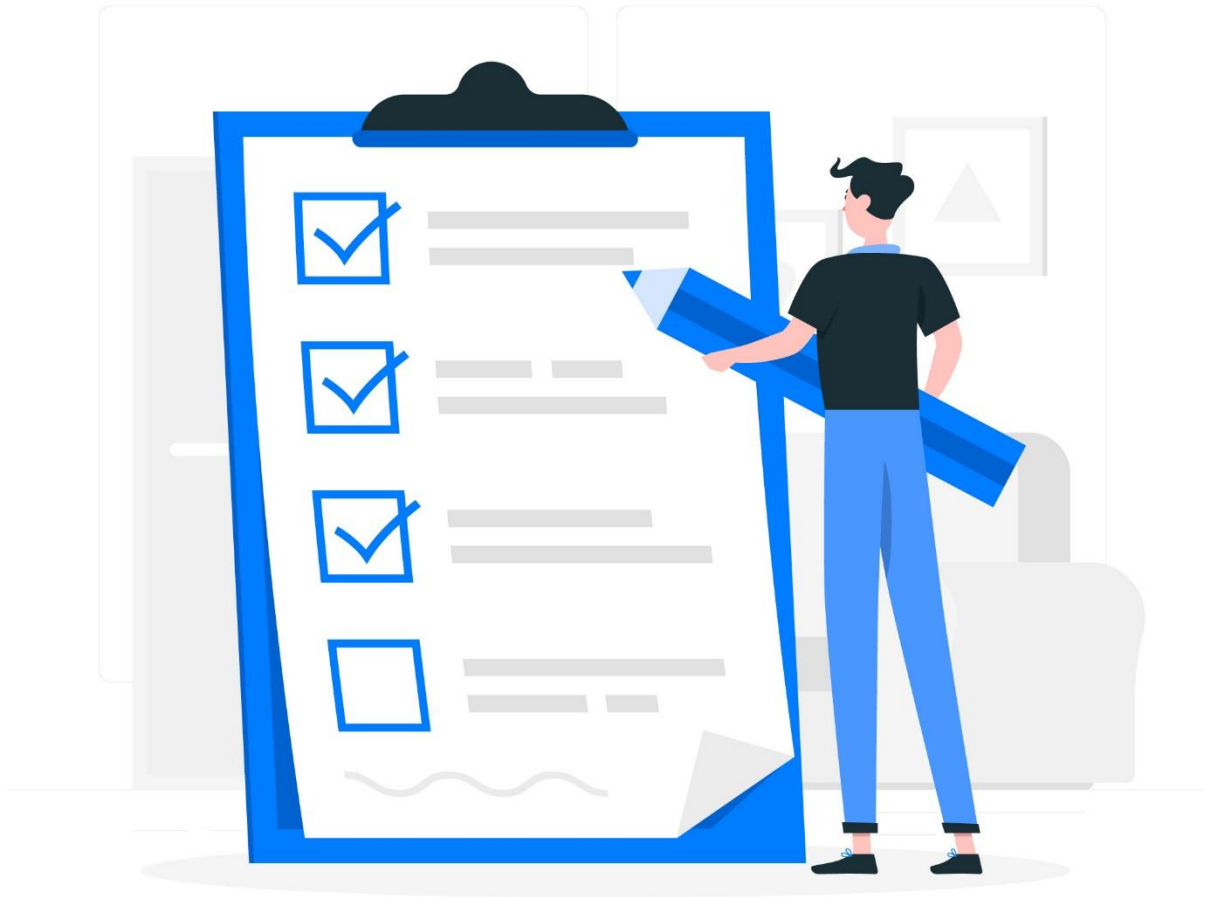
NHS Lothian will promote compliance of contractors and subcontractors to the Health and Safety at Work Act 1974 via our terms and conditions of contract and/or specific contract clauses where appropriate.

Ensuring Contractors and Sub Contractors are paid on time.

NHS Lothian aspires to pay all contractors and suppliers within ten days of receiving a valid invoice, to support the stability and sustainability of the wider supply chain.

NHS Lothian will by way of Terms and Conditions specify that:

- all subcontractors are paid by no later than thirty days from date of receiving a valid invoice.
- subcontractors pay their subcontractors no later than thirty days from date of receiving a valid invoice.



8. Measuring and Reporting

Annual Report

An annual report on this strategy is required to be published on the NHS Lothian website as set out in the Procurement Reform Act.

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

Communication

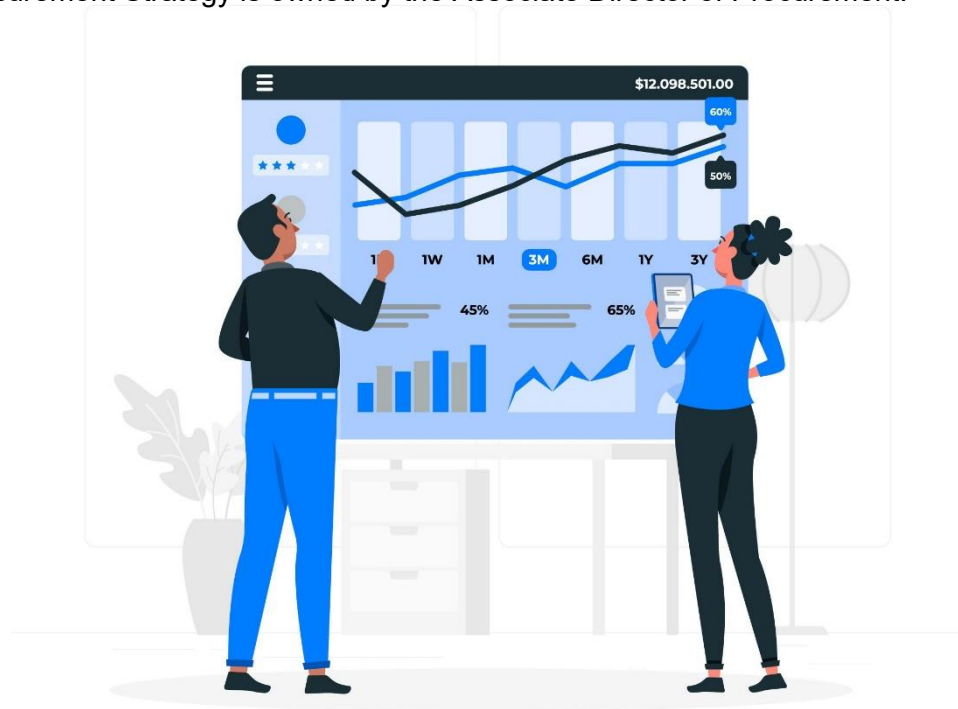
This Procurement Strategy will be published on the NHS Lothian website as set out in the Procurement Reform Act. The Procurement Strategy/Annual Report will also be shared with all members of the Procurement Team each year by the Associate Director of Procurement.

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.



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](#)