



NOT PROTECTIVELY MARKED

Public Board Meeting

**September 2018
Item No 08**

THIS PAPER IS FOR APPROVAL

**SHARED PROCUREMENT SERVICE PROCUREMENT
STRATEGY 2018 – 21**

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| Lead Director Author | Julie Carter, Director of Finance & Logistics Jenny Neville, Head of Procurement |
| Action required | The Board is asked to approve the Shared Procurement Service Procurement Strategy 2018 – 2021. |
| Key points | <p>On 14 June 2018, the Audit Committee approved the Strategy for submission to the Board for approval. The draft Strategy was presented to the Board in July for approval. The Board requested further information was included to reflect specific duties about equality and procurement. Approval was deferred subject to completion of this request.</p> <p>The revised strategy is presented for approval. The changes are tracked.</p> <p>This Strategy continues the direction of travel of the previous strategy, but reflects the continued evolution of the legislative framework particularly in respect of sustainable procurement, economic development and tackling inequalities. It also incorporates a specific reference to NHS collaborative working. Team development is also prioritised given the unusually high staff turnover in the last 12 months.</p> <p>It is a statutory requirement for the Service to provide its Procurement Strategy to the Scottish Government and publish it on our website.</p> |
| Timing | The revised strategy is presented to the September Board meeting for approval. Health Scotland and Healthcare Improvement Scotland have previously approved the strategy. Following approval at the September Board after incorporating the agreed changes, these Boards will then will consider if this requires to be represented to their respective Boards meetings again. . Once this approval process in completed, it will be submitted to the Scottish Government in compliance with the Procurement Reform (Scotland) Act 2014. |
| Link to Corporate Objectives | The Corporate Objectives this paper relates to is 6.2 – Use continuous improvement methodologies to ensure we work smarter to improve quality, efficiency and effectiveness. |

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| Contribution to the 2020 vision for Health and Social Care | How does this policy or decision contribute to the achievement of the 2020 vision for health and social care. It should focus on the areas which the author feels are likely to have the most significant impact. |
| Benefit to Patients | There is no direct impact on patients as a result of this policy. However, effective procurement contributes to achieving best value which ensures that the Services utilises its financial resources to best effect for the benefit of patients. In addition, the Strategy will help to deliver other Scottish Government policy objectives such as sustainable procurement and reducing health inequalities. |
| Equality and Diversity | <p>A full EQIA is attached at appendix Appendix 2. The Procurement Strategy is fully aligned with the Scottish Government’s Procurement Reform agenda. Two key strands of this are improving access to public contracts for small and medium sized enterprises (SMEs), and delivering social benefits (i.e. community benefits).</p> <p>Positive impacts:-</p> <p>Age - An opportunity to enhance equality for any of the protected characteristic groups will be increasing the use of supported businesses which employ disabled and disadvantaged people. Supported business use will be monitored and reported in our Annual Procurement report.</p> <p>Disability - In addition to the content in the ‘Age’ section, efforts will be made to identify opportunities to contract with supported businesses that employ a high proportion of disabled people</p> <p>Cross Cutting – (e.g. health inequalities people with poor mental health, low incomes, involved in the criminal justice system, those with poor literacy, are homeless or those who live in rural areas) The Procurement Team will look for opportunities to address health inequalities, particularly in respect of poverty, through identifying opportunities to support the implementation of the Scottish Living Wage in relevant contracts e.g. cleaning.</p> |

Procurement Strategy

April 2018 – March 2021

(Draft 76)



**Scottish
Ambulance
Service**
Taking Care to the Patient



**Healthcare
Improvement
Scotland**



Shared Procurement Service

VERSION 0.07

DOCUMENT CONTROL SHEET:

Key Information:

| | |
|-------------------------------|--|
| Title: | Shared Procurement Service: Procurement Strategy 2018 - 2021 |
| Date Published/Issued: | |
| Date Effective From: | |
| Version/Issue Number: | 0.07 6 |
| Document Type: | Strategy |
| Document status: | Draft |
| Author: | Jenny Neville |
| Owner: | Procurement |
| Approvers: | Scottish Ambulance Service (Executive Team, Audit Committee and Board), Healthcare Improvement Scotland (Audit Committee), Health Scotland (Audit Committee) |
| Contact: | Jenny Neville (0131 314 0085) |
| File Location: | Procurement drive |

Revision History:

| Version: | Date: | Summary of Changes: | Name: | Changes Marked: |
|-----------------|-----------------|---------------------------------------|--------------|------------------------|
| 0.01 | 06/02/18 | Initial draft | JN | |
| 0.02 | 21/03/18 | Amendments | JN | No |
| 0.03 | 23/04/18 | Amendments | JN | No |
| 0.04 | 16/05/18 | Amendments based on comments received | JN | No |
| 0.05/0.6 | 19/06/18 | Amendment | JN | No |
| <u>0.07</u> | <u>25/07/18</u> | <u>Amendment</u> | <u>JN/JC</u> | <u>Yes</u> |

Approvals: This document requires the following approvals.

| Name: | Date Approved: | Version: |
|---|-----------------------|-----------------|
| Scottish Ambulance Service Executive Team | 22/05/18 | 0.04 |
| Scottish Ambulance Service Audit Committee | 14/06/18 | 0.05 |
| Scottish Ambulance Service Board | | |
| Healthcare Improvement Scotland – Audit Committee | 14/03/18 | 0.02 |
| Health Scotland – Audit Committee | 29/05/18 | 0.04 |

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Distribution: This document has been distributed to

| Name: | Date of Issue: | Version: |
|--|-----------------------|-----------------|
| Senior shared procurement service stakeholders | 06/02/18 | 0.01 |
| Procurement team | 06/02/18 | 0.01 |
| Interim Director of Finance (SAS) | 21/03/18 | 0.02 |
| Senior Leadership Team (SAS) | 23/04/18 | 0.03 |

Linked Documentation:

| Document Title: |
|------------------------|
| None |

Equality and Diversity Impact Assessment

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| Attached |
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1. Introduction

This document sets out the Shared Procurement Service’s Procurement Strategy to support the Scottish Ambulance Service, Health Scotland and Healthcare Improvement Scotland to deliver their corporate objectives in line with public procurement legislation, the Scottish Model of Procurement and Scottish Government policy. The public procurement landscape in Scotland has continued to develop since the previous strategy was produced in 2015, with both policy development and legislative change. It is now a legal requirement for Scottish public sector bodies to publish a Procurement Strategy and review it annually.

The Scottish Government’s policy drivers for public procurement are predominantly centred around sustainability, economic development and tackling inequality. The key priorities of the Shared Procurement Service’s Procurement Strategy are outlined in Section 4 of this document. It is not necessary to detail the legislative and policy background that governs public sector procurement in this document, but we will ensure that the Shared Procurement Service complies with this the legislative framework and policy drivers, and developments will be addressed through the annual workplans. Current issues include compliance with the General Data Protection Regulations (GDPR), and ensuring measures to prevent fraud and bribery are adequate.

This Strategy has been developed in consultation with stakeholders within all three organisations and will be signed off by the appropriate governance structures in each of the organisations. It is based on the template and guidance for procurement strategies produced by the Scottish Government. Compliance with legislation pertaining to public procurement is the minimum standard. The Shared Procurement Service will aim to function beyond that level and align with best practice.

It is noted that the legal form and responsibilities of Health Scotland will be changing in the next year. The Shared Procurement Service will support any requirements that arise from this, and the new organisation that emerges from this process.

2. Our vision, mission and role of the Shared Procurement Service

Vision

We aspire to be a high performing team that delivers sustainable procurement as well as financial efficiencies for the shared service partners.

Mission

To provide a cost effective and legally compliant procurement service that meets the needs and expectations of the shared service partners in support of their corporate objectives.

Role

Our work focuses on:

- Delivering savings, efficiencies and sustainable procurement through contracting activity. This includes collaborative working where appropriate.

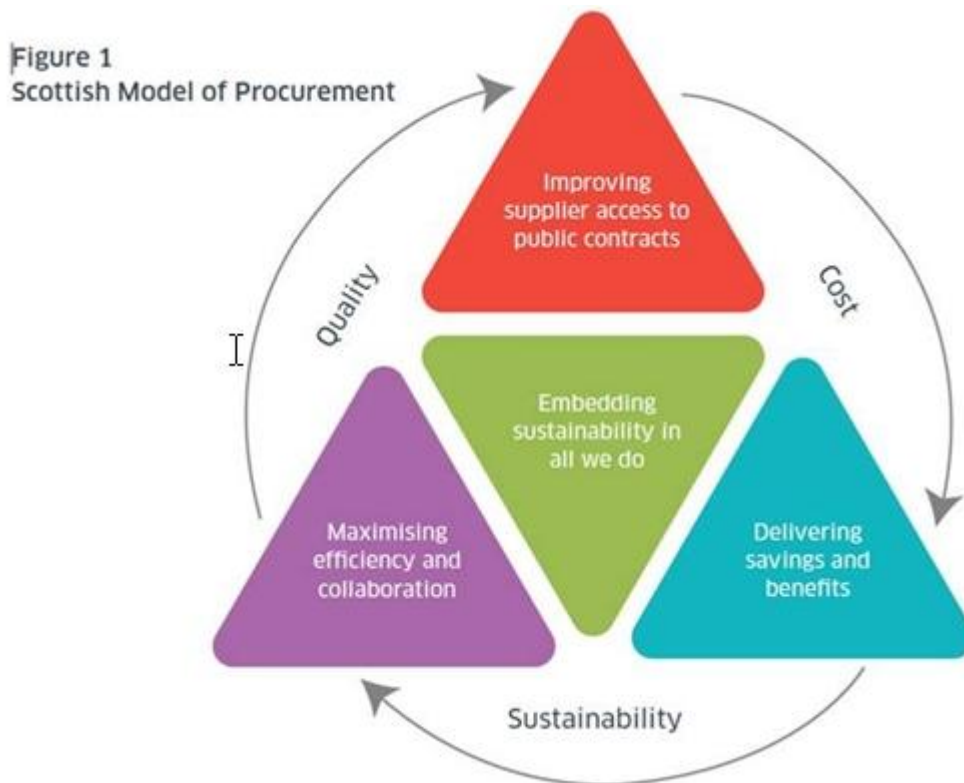
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- Providing advice on public procurement to stakeholders throughout the three partner organisations.
- Developing the skills and expertise of our team to deliver a high quality service to our stakeholders.

Note: Sustainable procurement is intended to derive social, environmental and economic benefits from public expenditure in addition to the purchase of the goods or services concerned.

3. Contracting activity

Our approach to buying goods, services and works reflects the Scottish Model of Procurement, in order to deliver an appropriate service that supports the objectives of our partner organisations. We aim to achieve value for money by working closely with our stakeholders to understand their requirements, and with suppliers to understand the relevant market sectors. Procurement processes are based on a fair, open and transparent competition which is proportionate to the scale and purpose of the contract, and meets our legal obligations. Contracts are awarded using a mix of criteria appropriate to the subject matter of the contract.



For each procurement project that exceeds £50,000 ('regulated procurement') we will develop a sourcing strategy. These strategies are based on tools provided in the Scottish Government's Procurement Journey, such as the sustainability test. These tools help to identify opportunities to include social, environmental and economic issues that can be included in the procurement.

Our activity includes contracts for the Scottish Ambulance Service, Healthcare Improvement Scotland and Health Scotland. Details of the contracts we have awarded are available on the relevant organisation's website, and Public Contracts Scotland.

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4. Key priorities

The purpose of this Strategy is to set out the strategic direction for the Shared Procurement Service for the next 3 years.

The key priorities of the Shared Procurement Service's Procurement Strategy are:

(a) Continue the quest for best value

We will engage with stakeholders and suppliers to identify new ways to achieve best value through supportive challenge of specifications and service levels, the use of innovative solutions where appropriate, and ongoing engagement with ~~key~~ suppliers and stakeholders through the contract management process post-award. We will embrace quality improvement with a view to ensuring that our processes are as efficient as they can be for the benefit of our stakeholders, our suppliers and ourselves.

(b) Sustainable procurement

We will continue to develop our practice with respect to sustainable procurement. This will include looking for ways to broaden access to contracts for Small and Medium Sized Enterprises (SMEs), the third sector and supported businesses; looking for innovation and harnessing more sustainable technologies; encouraging our suppliers to provide more sustainable goods and services with lower carbon emissions; expanding the use of community benefits; embedding fair work practices; promoting equality and tackling inequality.

(c) Tacking inequalities

We will continue to adhere to the legal requirements of the Equality Act 2010 which specifies that procurement should pay due regard to the award criteria (economic viability and performance) and equality considerations. Mechanisms are currently in place (and will be built upon) to ensure that suppliers and the Service comply with the Act and the Public Sector Equality Duty.

(ed) Procurement Transformation Programme (PTP) and collaborative working

We will continue to engage with the NHS Scotland PTP and the NHS national boards' collaborative work in order to use our resources as efficiently as possible. We will seek collaborative opportunities within the NHS (including NHS England) and beyond it wherever these may be of value to the shared service partners. This may be of particular relevance to Health Scotland as it becomes the new public health body from 2019.

(de) Team development

In order to achieve the key priorities set out above, we must continue to develop the skills of team members so that they have the capability to achieve these priorities and ensure that we continue to deliver a legally compliant service. There was an unprecedented level of change in the team during

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2017. It is important that we support new staff to embed them in our team and continue to develop existing team members to ensure that they are confident and competent in their roles. We also need to look for strategies to improve recruitment and retention of staff.

(ef) Procurement & Commercial Improvement Programme (PCIP)

We recognise that the PCIP has fostered improved practice in public sector procurement, and we will aim to improve on the scores achieved by all Shared Procurement Service partners in 2015 in the next assessment round (expected within the next 12 – 24 months).

5. Policies

In this section, we set out our general policies on a number of key areas, together with a statement on how we will monitor these over the period of the strategy.

5.1 Our policy on the use of community benefits in our contracts

Community Benefit Clauses are contractual clauses which can be used to build a range of economic, social or environmental conditions into the delivery of public contracts. They can contribute to sustainable procurement and enable organisations to contribute to the achievement of outcomes which deliver social benefits.

These can include:

- Creating opportunities for supported businesses and third sector organisations to deliver public services
- Employment and training opportunities for the long term unemployed and disadvantaged individuals
- Creating opportunities for SMEs to deliver public services
- Environmental activities
- Support for community initiatives

The Shared Procurement Service will seek community benefits for all procurements valued at £4m and above in line with the requirements of the Procurement Reform (Scotland) Act 2014. In addition, we will consider the potential for community benefits for all regulated procurements (currently over £50,000 for goods and services, and £2m for works) and seek to obtain these where possible.

We will monitor the community benefits achieved and report this in our Annual Report on procurement activity.

5.2 Our policy on consulting and engaging with those affected by our procurements

The Shared Procurement Service works with internal stakeholders and potential suppliers to help us to design our procurements. Internal stakeholders may include users of the goods or services, budget holders, senior management, subject matter experts or staff representatives. Public involvement takes place for patient facing services e.g. the air ambulance service. Stakeholder mapping is a component of the sourcing strategy that is developed for all regulated procurements.

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We will record any complaints about failure to consult and report this in our Annual Report.

5.3 Policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements

The Scottish Ambulance Service supports the right of employees to earn a fair wage. The Service ~~is not permitted to~~cannot mandate the~~enforce the~~ application of the Living Wage within its supplier community. However, we will work with suppliers through contract and supplier management, and through addressing fair work practices in procurement processes ~~to~~will encourage suppliers to pay the Living Wage within their staff structures. Suppliers will be asked about fair work practices, including the Living Wage, in future procurements where relevant. ~~Key~~Ssuppliers will be monitored through the contract management process.

5.4 Policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc Act 1974 and any provision made under that Act

The Service has a policy for the Management of Contractors which is aimed at promoting compliance with the Health and Safety at Work etc Act 1974, and a broad range of other health and safety legislation. This policy is provided to contractors and they are required to comply with it. In addition, the Service uses standard NHS terms and conditions of contract which require contractors to comply with health and safety legislation, and provide remedies for any failure to comply with this. ~~Key~~Ssuppliers will be monitored through the contract management process.

5.5 Policy on the procurement of fairly and ethically traded goods and services

The Service will consider the requirement for specifying fairly traded and ethically traded goods and services in relevant procurements on a case by case basis, as set out in its sustainable procurement policy. The shared service partners buy minimal amounts of goods and services that could have a fair trade or ethical trade implications, and most of these commodity areas would be covered by National Procurement framework contracts e.g. staff uniforms (cotton content), foodstuffs.

5.6 Policy on how it intends its approach to regulated procurements involving food to:

- **improve the health, wellbeing and education of communities in the authority's area**
- **promote the highest standards of animal welfare**

Due to the nature of their activities, the shared service partners buy only small quantities of foodstuffs and the value of this falls well below the threshold for regulated procurements. As a result, there is not currently a policy pertaining to the purchase of food. If this situation changes in future, an appropriate policy will be put in place.

5.7 Payment processes

- **the authority must set out how it intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice for**
 - **contractors**
 - **sub-contractors**
 - **sub- contractors to sub-contractors**

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The shared service partners have policies on the Prompt Payment of Suppliers. These policies state that approved invoices will be paid within 30 days, although their respective Finance Departments aim to achieve payment within 10 days.

In addition, the Shared Procurement Service uses standard NHS terms and conditions of contract which require contractors to pay their sub-contractors within 30 days. If this does not occur, sub-contractors may apply to the relevant shared service partner for support to resolve the matter.

The shared service partners are also required to comply with the NHS policy on 'No PO no pay' (i.e. invoices must quote purchase order numbers). Invoices without a valid purchase order number are returned to suppliers. The requirement for invoices to show order numbers is made clear in the NHS terms and conditions of contract.

Payment performance is monitored on a monthly basis. Performance measures metrics are published in each organisation's Annual Report and Accounts.

6. Annual Procurement Report

The Shared Procurement Strategy is implemented by means of annual workplans. Progress against the workplan is monitored by the Head of Procurement on an ongoing basis, and reported to **key** stakeholders within the shared service partner organisations on a quarterly basis.

The first annual report on regulated procurements for the Scottish Ambulance Service is due after 31st March 2018, and we will aim to publish this by the summer of 2018. This will address the requirements of the Procurement Reform (Scotland) Act 2014, and draw on previous annual procurement performance reports from 2016/17 and 2017/18.

Neither Health Scotland nor Healthcare Improvement Scotland reach the threshold of £5m of regulated procurements per annum, so the statutory Annual Reports are not required for these organisations.

The Scottish Ambulance Service's Annual Procurement Report will be signed off by the Service's Executive Team, comprising the Chief Executive and Executive Directors. It will contain the following information as a minimum:

- A summary of the regulated procurements that have been completed during the period covered by the report.
- A review of whether those procurements complied with this strategy for regulated procurements.
- If any regulated procurements did not comply with this strategy for regulated procurements, a statement of how the Service intends to ensure that future regulated procurements do comply.
- [Details on how the procurement service pays due regard to equality and achieve the equality objectives in line with the Equality and Human Rights Commission guidance](#)
- A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period covered by the report.

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- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the period covered by the report.
- A summary of the regulated procurements that the Service expects to commence in the next two financial years.

7. Strategy ownership and contact details

The owner of this Strategy on behalf of the Shared Procurement Service is the Head of Procurement. The Strategy covers the period 1st April 2018 – 31st March 2021 and will be reviewed at least once a year.

The Strategy will be published on the websites of all three shared service partners. Any amendments to this Strategy will be similarly published.

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