

# NHS Shetland

<b>Meeting:</b>	<b>Shetland NHS Board</b>
<b>Meeting date:</b>	<b>10 December 2024</b>
<b>Title:</b>	<b>Procurement Strategy 2025-2030</b>
<b>Agenda reference:</b>	<b>Board Paper 2024/25/55</b>
<b>Responsible Executive/Non-Executive:</b>	<b>Colin Marsland, Director of Finance</b>
<b>Report Author:</b>	<b>Karl Williamson, Head of Finance &amp; Procurement</b>

## 1. Purpose

**This is presented to the Board for:**

- Decision

**This report relates to:**

- NHS Board Strategy

**This aligns to the following NHSScotland quality ambition(s):**

- Effective
- Sustainable

## 2. Report summary

### 2.1. Situation

The NHS Shetland Procurement Strategy 2025-2030 outlines the Board's approach to procurement for the next five years, with a focus on sustainable, ethical, and effective procurement practices. This strategy aligns with both the Public Procurement Strategy for Scotland and the NHS Scotland Procurement Strategy, aiming to promote local economic resilience, sustainability, and optimal use of resources. The Board is asked to review and approve the strategy for implementation.

### 2.2. Background

The strategy complies with the Procurement Reform (Scotland) Act 2014, which requires public organisations with a regulated annual spend above £5 million to develop and

review a procurement strategy annually. NHS Shetland's procurement approach incorporates local economic support, sustainability, fair work practices, and alignment with national frameworks.

The Finance and Performance Committee reviewed the strategy on 3 December 2024 and are recommending that the Boar approve the strategy.

## **2.3. Assessment**

### **2.3.1. Quality / patient care**

This strategy aims to improve patient care by ensuring procurement activities support high-quality, sustainable, and ethical products and services, contributing positively to service quality.

### **2.3.2. Workforce**

Procurement staff are supported through training and development, ensuring they are equipped to carry out their roles effectively, fostering a capable and resilient workforce.

### **2.3.3. Financial**

The strategy focuses on obtaining value for money through best practices in contracting and supplier management, promoting financial sustainability.

### **2.3.4. Risk assessment/management**

Risks associated with procurement activities are managed through compliance with NHS Shetland's Standing Financial Instructions and the use of national procurement frameworks.

### **2.3.5. Equality and Diversity, including health inequalities**

An Equality Impact Assessment is not required for this document, as the strategy itself does not directly impact service delivery or accessibility. However, the strategy supports inclusive procurement practices and fair work principles.

### **2.3.6. Other impacts**

The strategy supports NHS Shetland's role as an anchor institution, contributing to local economic growth, environmental sustainability, and social value within the community.

### **2.3.7. Communication, involvement, engagement, and consultation**

NHS Shetland has consulted with NHS National Services Scotland (NSS) Procurement Team to ensure alignment with best practices and national standards. Additionally, internal stakeholders were involved in drafting the strategy.

### **2.3.8. Route to the meeting**

This strategy has been reviewed by the Procurement Steering Group on 12 November 2024 and Finance and Performance Committee on 3 December 2024.

## **2.4. Recommendation**

Decision – Board is asked to approve the Procurement Strategy 2025-2030.

## **3. List of appendices**

Appendix 1: Procurement Strategy 2025-2030

---

# NHS Shetland Procurement Strategy



---

2025-2030



# Contents

- Introduction
- Strategic rationale
- Strategic priority framework
- Vision and mission statement
- Strategy objectives
- Reporting

Introduction

## NHS Shetland

NHS Shetland is responsible for health care for a population of around 23,000. Our Vision is that everyone in Shetland can live well for longer, and easily access the support they need from us.

Our strategic intent is to provide easy access to high quality, sustainable and person-centred care as close to home as possible and make a meaningful difference to the building blocks of good health in our communities. Our three key objectives are:

- We provide excellent services for people
- We support the building blocks of healthy communities
- We create the conditions for a sustainable organisation

## Purpose and Scope

The NHS Shetland Procurement Strategy for the period of 2025-2030 outlines our objectives for procurement in accordance with the latest procurement regulations.

The Board is committed to obtaining value for money through best practice contracting and supplier management and recognises that responsibility for the delivery of the objectives within this strategy rests with our entire workforce and not just the Procurement team. Only through effective collaboration and collective responsibility will we demonstrate the value that excellent Procurement can deliver for NHS Shetland.

NHS Shetland will continue to review its procurement strategy annually and make such revisions as it considers necessary.



Strategy  
rationale



## Overview

The Procurement Reform (Scotland) Act 2014 requires any public organisation that has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement strategy annually before the start of the next financial year.

This procurement strategy sets out how the organisation intends to carry out its regulated procurements, that is, procurements with an estimated value equal to or greater than £50,000 (excluding VAT) for goods and services, or £2,000,000 (excluding VAT) for a public works contract.

The strategy will shape the Board's procurement procedures which set out the detailed operational controls governing procurement activity as set out in the Board's Standing Financial Instructions.

## Public sector procurement

Scottish public sector procurement operates under the following legislative framework:

- The Procurement Reform (Scotland) Act 2014
- The Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016

The interpretation and implementation of this legislative framework is influenced by substantial case law, making this a constantly evolving area to operate in.

The legislation is reflected within the NHS Shetland Standing Financial Instructions.



# Procurement within NHS Shetland

NHS Shetland has local procurement staff based in Lerwick, Shetland who are supported by the NHS National Services Scotland (NHS NSS) Procurement Team, based in central Scotland. NHS NSS support and deliver some elements of the activities within the Procurement Strategy and offer strategic and operational assistance as part of a hosted procurement agreement.

The focus of this strategy is the Board trade spend of c. £15.6M.

NHS Shetland maintains a contract register which is updated to reflect any spend purchased through national or local contracts. NHS Shetland also has an agreement to purchase medical and non-medical consumables from the National Distribution Service, which is the approved central store for all NHS Scotland Acute Health Boards.

NHS Shetland spent approximately £2.6m with local suppliers in 2023/24. As an anchor institution, NHS Shetland prioritises purchases from local businesses to promote economic resilience, equity, and prosperity at the local level.



# Public Procurement Strategy for Scotland and NHSScotland Procurement Strategy

The NHS Shetland Procurement Strategy is aligned to both the Public Procurement Strategy for Scotland and the NHSScotland Procurement Strategy which highlights specific priorities for the health sector.

The Public Procurement Strategy for Scotland sets out the Scottish Government's vision and priorities for public procurement. The strategy aims to drive public bodies to deliver better outcomes for Scotland through sustainable procurement practices, innovative approaches, and digital transformation. It also emphasizes the importance of promoting small and medium-sized enterprises (SMEs), promoting fair work practices, and supporting Scotland's economy.

The NHSScotland Procurement Strategy focuses on a collaborative approach to procurement across Scotland's health boards, aiming to maximise value and benefits for patients, staff, and communities.





## **Our vision**

To be recognised as having leading commercial, procurement and commissioning practices and skills delivering outstanding outcomes. To have the people of our region and service users at the heart of what we do.

## **Our mission**

Our mission is to deliver our service in partnership with colleagues, patients and suppliers to ensure we achieve the optimum solution which balances available resources with the highest quality outcomes



Strategy  
objectives

This strategy sets out the NHS Shetland key strategic procurement objectives which are aligned to the Public Procurement Strategy for Scotland and the NHS Scotland Procurement Strategy.

Public Procurement Strategy for Scotland		
	NHS Scotland Procurement Strategy	
Good for Businesses and their Employees	Embed sustainable and ethical procurement, supporting our communities and economy	NHS Shetland Procurement Priorities
		<p><b>Assuring contract and supply chain security and resilience</b> Prioritise purchases from local businesses, to stimulate economic circulation within the community, retaining wealth and creating job opportunities.</p>
<p><b>Embedding sustainable and ethical procurement</b> Support NHS Shetland’s status as an anchor institution, significantly contributing to local communities by delivering social value from procuring goods and services and promote the provision of the Scottish Living Wage. Utilise the recommended procurement tools where appropriate to use community benefits to improve the economic, environmental and social wellbeing of the Shetland Islands.</p> <p>Contribute to NHS Shetland net zero and climate change targets.</p>		
<p><b>Developing procurement workforce capabilities and skills</b> Work with NHS NSS to share best practice and provide procurement staff training.</p> <p><b>Developing supplier relationships, maximising value and reducing risk</b> Obtain value for money through best practice contracting and supplier management.</p>		
Good for Places and Communities		
Good for Society		
Open and Connected	<b>Governance and regulated procurement compliance</b>	<p><b>Procurement technologies: digitisation and technology road map</b> Use of online ordering and tendering systems.</p> <p><b>Collaborative procurement</b> Ensure a high level of compliance to Standing Financial Instructions (SFIs) across the Board and that third party expenditure aligns to NHS Shetland organisational priorities.</p>

## **Activities**

A range of activities have been identified to underpin the NHS Shetland strategic procurement objectives

# **Assuring contract and supply chain security and resilience**

- Objective

- Prioritise purchases from local businesses, to stimulate economic circulation within the community, retaining wealth and creating job opportunities.

- Activities

- Ensure local economy considerations are factored into market options at commodity strategy stage.
- Maintain high % of spend with local suppliers.
- Support business by paying bills more quickly, aiming to pay all undisputed invoices within ten working days, across all public bodies.

- Measuring progress

- Track and report expenditure with local suppliers and with small and medium enterprises (SMEs).
- Invoice payment performance will be reported in the Annual Procurement Report



# Embedding sustainable and ethical procurement

- Objective

- Support NHS Shetland's status as an anchor institution, significantly contributing to local communities by delivering social value from procuring goods and services
- Utilise the recommended procurement tools where appropriate to use community benefits to improve the economic, environmental and social wellbeing of the Shetland Islands

- Activities

- Undertake Scottish Government Sustainability Test for all regulated procurements to help embed relevant and proportionate social value requirements in contracts
- Drive high quality and fair work, and workforce diversity across the labour market in Scotland by applying fair work criteria on all relevant regulated procurements
- All procurements to include an opportunity within tenders for suppliers to respond if they meet the Scottish Living Wage
- Engage proactively to support local groups and their projects
- Actively promote and encourage bidders to support Community Benefit Gateway (CBG) an online service that connects NHSScotland suppliers with third sector community organisations to support community initiatives

- Measuring progress

- Record if local suppliers meet or exceed the Scottish Living Wage
- Track support provided to local community groups and projects
- Use of Community Benefit Gateway (CBG) to support a local initiatives reported via the NHS Shetland Annual Procurement Report

# Embedding sustainable and ethical procurement

- Objective

- Contribute to NHS Shetland net zero and climate change targets

- Activities

- Work with our suppliers to encourage the adoption of sustainable practices, such as reducing carbon emissions, conserving resources, and promoting ethical sourcing
- Measure and report on our progress towards achieving our sustainability goals and seek to continuously improve our performance over time
- Undertake Scottish Government Sustainability Test for all regulated procurements to help embed relevant and proportionate sustainability requirements in the development of contracts

- Measuring progress

- Annual procurement report to highlight procurements influence and contribution that supports net zero, mitigation and adaptation of climate change

# Developing procurement workforce capabilities and skills

- Objective

- Work with NHS NSS to share best practice and provide procurement staff training.

- Activities

- Ensure training and development opportunities for procurement staff, to ensure they have the necessary skills and knowledge to carry out their roles effectively.

- Measuring progress

- Via annual staff appraisal

# Developing supplier relationships, maximising value and reducing risk

- Objective

- Obtain value for money through best practice contracting and supplier management.

- Activities

- Work to minimise cost pressures by utilising national frameworks where possible
- Migrate recurring spend to catalogues where possible

- Measuring progress

- i. Financial savings reported annually via Annual Procurement Report
- ii. Catalogue spend reported annually via Annual Procurement Report

# Procurement technologies: digitisation and technology road map

- Objective

- Ensure use of online ordering and tendering systems for best practice and transparency.

- Activities

- Procurement Steering Group to monitor and review procurement activity across NHS Shetland and to ensure that procurement activity aligns with Board priorities
- Support from NSS procurement team on use of Public Contracts Scotland notice and tendering portals
- Observe the Procurement Journey methodology, Route 2 or Route 3, dependent on the value and requirements of the procurement

- Measuring progress

- Regulated procurements reported annually via Annual Procurement Report

# Collaborative procurement

- Objective

- Ensure a high level of compliance to Standing Financial Instructions (SFIs) across the Board and that third party expenditure aligns to NHS Shetland organisational priorities.

- Activities

- Procurement Steering Group to monitor and review procurement activity across NHS Shetland and to ensure that procurement activity aligns with Board priorities
- Advice from NSS procurement team on high spend procurements

- Measuring progress

- Any areas of non-compliance will be publicised in the NHS Shetland Annual Procurement Report.
- Compliant supplier spend reported annually via Annual Procurement Report

Reporting

## Measurement of success

To ensure there is movement towards the aims and aspirations of this strategy, measurement of progress will be undertaken on an annual basis and reported via the NHS Shetland annual procurement report.

Progress against strategy objectives will be monitored by the NHS Shetland Procurement Steering Group, which was established by the Board to oversee the Board's strategy for procurement and compliance with regulatory obligations.

The Procurement Steering Group meet annually in July or August to receive, review and agree the Procurement Annual Report. Other meetings will be held when required to meet the Group's duty under the terms of reference.

## Strategy updates

This strategy will be subject to annual review and formal regular review by the NHS Shetland Director of Finance and the Head of Finance & Procurement. 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.

