

The State Hospitals Board for Scotland

Procurement Strategy

2026-2029

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Date Approved - June 2026
Date for Review - June 2029

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Section 1 – Introduction/Executive Summary

1.1 Introduction

The State Hospital is a Special Health Board within NHS Scotland accountable to Scottish Ministers through the Scottish Government.

The State Hospital has 140 beds which provides high security forensic mental health services with the main aim to rehabilitate patients, ensuring safe transfer to appropriate lower levels of security.

The Procurement Team manages all contracts and suppliers for the Hospital and provides a Stores and distribution service direct to Wards and Departments.

1.2 Executive Summary

The purpose of this strategy is to set out the Procurement objectives for the State Hospital which supports the overall vision and strategic objectives of the organisation and is aligned with local and national priorities.

Section 2 – Procurement Vision/Mission Statement

2.1 Procurement Vision

Is to provide a professional approach to procurement that provides the State Hospital with the best value for money, sustainable goods, and services.

2.2 Procurement Mission Statement

To provide an effective service to our customers and to conduct our procurement processes in a responsible manner ensuring we can demonstrate value for money, innovation and fully embrace the principles of sustainable procurement which have a positive impact on the Scottish economy.

2.3 Procurement Principles

The following procurement principles have been identified to underpin the Procurement Mission Statement at 3.2 above. They are:

- Procurement will only be carried out under the terms of the State Hospital Procurement Policy.
- Procurement will be carried out in line with current legislation to deliver competition, sustainability, inclusiveness and, ultimately, best value for the State Hospital. The process will be transparent and allow accountability.
- Best value will be achieved by obtaining Most Economically Advantageous Tender (MEAT) tender offers, taking into account whole life costs and non-financial aspects of the purchase. Procurement will be driven by desired outputs and results, including acceptable health, safety, and environmental performance.

- Procurement will facilitate all routes to market for expenditure on all goods and service contracts and Service Level Agreements with State Hospital stakeholders, to ensure full compliance with Procurement regulations.
- Procurement will facilitate with key stakeholders the on-going contract management of an identified number of business-critical contracts to ensure maximum performance and efficiency in-line with the Contract and Supplier Management Strategy.
- Procurement will in the first instance look to utilise collaborative frameworks which provide value for money, fit for purpose goods or services, and can reduce risk as well as reduce timeframes to award contracts. Where this is not available or not the case, Procurement will facilitate our own tender or quotation process.
- The State Hospital will continue to deliver its procurement activities and meet the above opportunities and challenges in line with the Scottish Model of Procurement.

The Scottish Model of Procurement

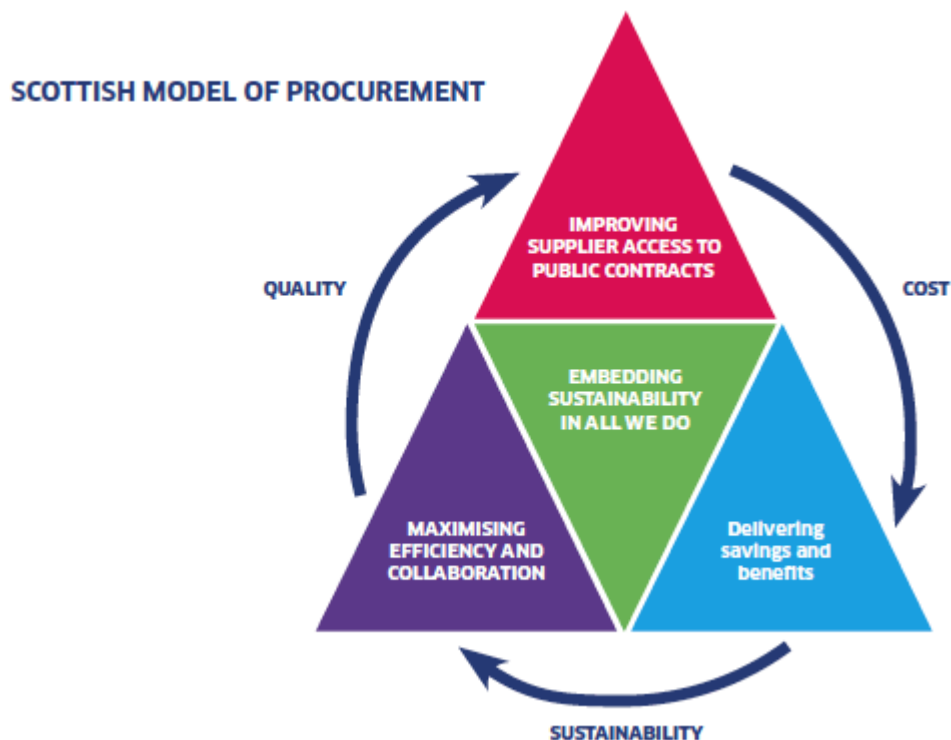


Image: [The Scottish Government](#)

Section 3 – Strategy Rationale/Context

This Procurement Strategy and associated activity will be linked to the State Hospitals Local Delivery Plan and its strategic aims:

- Health Improvement.
- Efficiency and Governance Improvements.
- Access to Services.
- Treatment Appropriate to Individuals.

The strategy operates under the Scottish Public Sector Procurement legislative framework and will ensure compliance including:

- [Procurement Reform \(Scotland\) Act 2014](#).
- [Public Contracts \(Scotland\) Regulations 2015](#).
- [Scottish Public Procurement Policy notes](#).
- Case Law.
- [The Procurement Journey](#).

Our aim is to deliver procurement across the organisation in an open, fair, inclusive, transparent, and compliant manner. To achieve this, we require:

- Leadership – achieve commitment from Senior Management Team to support Procurement.
- Staff - Ensure that, as far as is practicable, Procurement staff are CIPS qualified and, in all cases, maintain on-going professional development.
- Stakeholders – Colleagues who can work with Procurement to provide technical support throughout any procurement processes.
- Technology - Ensure use of the Public Contracts Scotland website, the Scottish Government's national procurement portal, for issuing all its tender documents and Quick Quotes to potential suppliers. This provides registered SMEs with the opportunity to tender for all appropriate Scottish public sector procurement requirements. Also ensure the use of the PECOS system to enable the electronic processing of purchase orders and payment and the Government e-PC card where appropriate.
- Compliance - Ensure compliance with EU, national and other government procurement policies.
- Innovation - We will consider innovative routes to market, including the use of framework contracts, and will encourage innovation from the supplier base through the use of output-based specifications as appropriate (to ensure suppliers can offer solutions to meet our needs rather than the State Hospital prescribing how the market should meet our needs).

Our key priorities are:

- Ensure all procurement activity (including contract management of business-critical suppliers) is led and facilitated by the Procurement team alongside fully committed internal stakeholders, ensuring full contract compliance and effective governance.
- Ensure the procurement strategy remains aligned with the State Hospitals' corporate values and priorities.
- Supporting Community Wealth Building, particularly local markets with Small and Medium Sized Enterprises (SMEs), Third Sector organisations, and enterprises involving minority groups and those with protected characteristics under the Equality Act 2010 by actively encouraging participation in especially below tender threshold competitions.

- Putting sustainability at the heart of everything we do and embed social, economic, and environmental factors into all of our processes as per the sustainable procurement duty.
- Protecting public spending – ensuring tax-payers money is spent sustainably, ensuring integrity, accountability, and proportionality in our tender processes.
- Regular reporting of procurement performance and compliance in relation to regulated procurements.
- Working collaboratively with other public sector organisations on regulated procurements where appropriate, ensuring that our partner organisations are committed to equality of opportunity for all sectors of society, and that their commitments reflect the State Hospital's [Public Sector Equality Duty](#) and its general equality duty.
- Ensure the prompt payment of contractors and sub-contractors within a 10-day target and a 30-day payment period as per our Standard Terms and Conditions of contract including the prompt payment of sub-contractors.

We will do this by:

- Developing staff in Procurement who lead on procurement processes, through training, secondments, and mentoring.
- Maintaining a high profile of Procurement within the State Hospital and developing relationships with colleagues to ensure effective processes.
- Ensuring compliance with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated statutory guidance.
- We will ensure the three pillars of sustainability (social, economic, and environmental factors) are considered with stakeholder(s) at the beginning of all procurement projects in a proportionate manner and are embedded in any contracts we award.

Section 4 – Strategic Aims, Objectives & Key Priorities

4.1 Our strategic aims

The strategic aims of the Procurement function are to support the delivery of the State Hospital's strategic priorities and key objectives.

No	Strategic Priority	Key Objective
1	Procurement Leadership	Ensure all Procurement activity/competitions are led by the Procurement Team to ensure full compliance with all relevant legislation and provide governance oversight.
2	Commitment to Service Improvement	Ensure Procurement supports relevant Projects/initiatives which leads to the improvement of services within the State Hospital and provides an effective stores and distribution service. We will also work with the wider NHS to remobilise as a result of COVID.
3	Deliver Value for Money	We will ensure contracts are awarded on a combination of factors including (but not limited to) quality, cost, inclusiveness, sustainability, and community wealth building. Actively encouraging and working with local SMEs.

No	Strategic Priority	Key Objective
4	Collaboration	Procurement is committed to working with other NHS or Public bodies that can help improve the service we offer including utilising framework contracts and working with NHS National Procurement.
5	Sustainable Procurement	Ensure sustainability is considered and imbedded proportionately in all contracts we award (including extended supply chain) in line with the sustainable procurement duty, including supporting climate change targets, transition to a net-zero carbon emissions organisation, the circular economy and supporting the Community Wealth Building Agenda through TSH's Anchors Strategy.
6	Digital Innovation	We will place digital innovation at the centre of what we do, making sure that we maximise the opportunities afforded by technology to improve processes, provide easy access to information and support quicker outcomes.

We will do this as outlined in the following statements with reference to [Section 15\(5\)](#) of the Procurement Reform (Scotland) Act 2014 by:

4.1.1 Ensure that regulated procurements

a) Contribute to the carrying out of its functions and the achievement of its purposes (section 2.5.1 of the Guidance accompanying the Procurement Reform (Scotland) Act)

Through considering the approach to procurement in the context of the wide range of joint plans and strategies developed internally and externally; by utilising effective and relevant consultation when developing and aligning our procurement strategy with these plans and strategies, and for individual regulated procurements as required; and through promoting effective contract and supplier management to monitor the effectiveness of regulated procurements in achieving their purposes; and ensuring prompt payment across our supply chain.

b) Deliver value for money (a balance of cost, quality, and sustainability) (2.5.2)

By applying the following key principles: Collaboration with other organisations where possible; maintaining consistency and transparency in our procurement processes; considering, where appropriate, the whole-life cost of what is being procured; and ensuring what we do is in a clear, transparent, and proportionate manner.

c) Are carried out in compliance with its general duty to treat relevant economic operators equally and without discrimination (2.5.3)

By, where relevant and proportionate, considering early market engagement prior to the publication of a contract notice on Public Contracts Scotland procurement portal; considering in the initial sourcing strategy stage the opportunity to break requirements into smaller lots to attract SME's; and promoting opportunities to support community wealth building.

d) Be undertaken in compliance with our duty to act in a transparent and proportionate manner (2.5.4)

At each stage of the procurement process, the State Hospital will ensure that it is acting in a transparent and proportionate manner through: using electronic communications for all procurement activity, while providing alternative communications methods if requested; ensuring open public and market engagement; using clear and precise language to ensure a common understanding of the requirements; and utilising the State Hospital's financial thresholds to ensure proportionality regarding the appropriate type of procurement process.

e) Comply with the sustainable procurement duty (2.5.5)

The State Hospital shall ensure that it complies with its statutory sustainable procurement duty through embedding sustainable procurement as business as usual – ensuring that sustainability issues are considered at all stages of individual procurement exercises (including downstream supply chains); considering how individual procurement exercises can assist the State Hospital to improve the economic, social, and environmental wellbeing of our area, facilitating the involvement of small and medium enterprises, third sector bodies, minority groups and supported business in the procurement process; and by promoting innovation at the initial stage of all procurements. As part of the climate change emergency the State Hospital will support the transition to a net-zero carbon emissions economy and society.

Much of the State Hospitals food requirements are procured via framework agreements awarded by Public Services Delivery Scotland on behalf of Scotland's health boards. However, we will:

- Encouraging the involvement of local suppliers in procurement processes to reduce 'food miles'.
- Mandating compliance with the appropriate food regulations as a minimum. Incorporating healthy eating criteria including Food, Fluid and Nutritional care standards; Food in Hospitals; Healthy Living Award + Criteria, and the Retail Standard.
- Ensuring these standards, alongside environmental and animal welfare safeguards, are implemented and monitored throughout the supply chain.

4.1.2 Include a statement of general policy on:

a) The use of community benefit requirements (2.5.6)

For every procurement over £4m, the State Hospital will consider how it can improve the economic social or environmental wellbeing of its area through inclusion of community benefit clauses, to assist with its strategic objective of Sustainable Procurement. Where possible and proportionate the State Hospital will examine the possibility of including such clauses in all procurements below the £4m threshold.

b) Consulting and engaging with those affected by its procurements (2.5.7)

The State Hospital will engage with those affected by its individual regulated procurements including, where appropriate and proportional: consulting and engaging with relevant stakeholder groups at the commodity sourcing strategy stage of individual regulated procurements; and ensuring the outcomes of any consultations will be taken account of within our regulated procurements.

c) The payment of a Living Wage to persons involved in producing, providing, or constructing the subject matter of regulated procurements (2.5.8)

Complying with the statutory requirements on the payment of a national living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements; through contributing towards improving the social well-being element of our sustainable procurement duty by promoting the Living Wage and ensuring Fair Work First criteria are included in all procurements and the wider supply chain;

d) Promoting compliance with the Health & Safety at Work etc Act 1974 by contractors and sub-contractors (2.5.9)

Complying with the State Hospital corporate Health and Safety Policy on promoting compliance by contractors and sub-contractors with the [Health and Safety at Work etc. Act 1974 \(c.37\)](#) and any provision made under that Act, through assessing the potential health and safety risks arising from regulated contracts and considering this throughout the procurement process; and through ensuring that our requirements for individual contracts meet current legislation (as a minimum).

e) The procurement of fairly and ethically traded goods and services (2.5.10)

The procurement of fairly and ethically traded goods and services will be considered at the initial sourcing strategy stage of all regulated procurements during the period of this strategy.

Section 5 – Spend/Finance

The State Hospital non-pay spend is annually approximately £7m revenue with Capital projects of approximately £1m.

Section 6 – Implementation, Monitoring, Reviewing and Reporting

6.1 Approval of strategy

This Procurement Strategy will be approved by the State Hospital Senior Management Team.

6.2 Publication of Strategy

The State Hospital will publish this Procurement strategy on both its external website and internal intranet and will notify The Scottish Ministers of publication.

6.3 Review

The State Hospital will review the Procurement Strategy annually and issue an Annual Procurement Report on its findings. This will help to ensure that the State Hospital maintains the alignment between the Procurement Strategy and the organisation's broader corporate priorities. Where necessary and proportionate to do so, the State Hospital will revise and update its Strategy.

6.4 Reporting

The State Hospital will, as soon as practicable, following the end of each financial year prepare an Annual Procurement Report which will include:

- A summary of all regulated procurements completed within the year.
- A review of whether these procurements complied with this Strategy.
- A statement detailing how it is intended that future compliance will be achieved in the instance where any procurements were found not to have been carried out in accordance with this Strategy.
- A summary of any community benefit that were achieved.
- A summary of steps taken to facilitate the involvement of supported businesses in regulated procurements in the year.
- A summary of anticipated regulated procurements expected to commence in the next two financial years.
- Any other information as specified by The Scottish Ministers.

Section 7 – Strategy Ownership & Contact Details

The Strategy is owned by the Head of Procurement and signed off by the Director for Finance and eHealth.

If you have any queries in relation to this Strategy, please contact:

Stuart Paterson
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The State Hospitals Board for Scotland
Email: stuart.paterson3@nhs.scot

Section 8 – Policies, Tools & Procedures

In this section, the State Hospital outlines how this Procurement Strategy contributes and complements local and national policies, processes, and procedures.

8.1 Local Policies

- Procurement Policy.
- Standing Financial Instructions.
- Scheme of Delegation.
- Standing Orders.
- Hospitality, Gifts and Interests Policy and Procedure.
- Data Protection Policy.
- Freedom of Information Policy.
- Whistleblowing Policy.

8.2 National Policies

- [Procurement \(Scotland\) Regulations 2016.](#)
- [Procurement Reform \(Scotland\) Act 2014.](#)
- [The Scottish Procurement Journey.](#)
- [Scottish Model of Procurement.](#)
- [National Performance Framework.](#)
- [Guidance on Procurement and the Public Sector Equality Duty.](#)
- [The Suppliers Charter.](#)