

NHS Greater Glasgow and Clyde	Paper No. 26/118
Meeting:	NHSGGC Board Meeting
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Title:	Procurement Strategy 2025-2028: Annual Update
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1 Purpose

The purpose of this paper is to provide the NHS GGC Board with an update on progress in implementing the Procurement Strategy 2025-28 and on performance against the Key Performance Indicators set out within the Strategy.

2 Executive Summary

This paper can be summarised as follows:

The Procurement Strategy 2025–28 establishes a clear framework for the continued development and enhancement of procurement arrangements across NHSGGC. The Strategy identifies key priorities for the period, all of which are aligned to the organisation’s Corporate Objectives and contribute to the delivery of improved outcomes, value, and sustainability.

Table 1 below summarises the strategic procurement objectives/

Table 1: Procurement Priorities

Procurement Priorities
1. Corporate Social Responsibility
2. Continuity and Security of Supply
3. Deliver Value for Money
4. Improve Governance and Compliance
5. Workforce Development

1. Corporate Social Responsibility

The Procurement Strategy 2025-28 recognises the important role that procurement activity can play in delivering wider social, economic, and environmental benefits, alongside securing value for money. The Strategy includes a range of Corporate Social Responsibility (CSR) objectives and associated performance measures to support improved outcomes in areas such as public health, community wellbeing, fair work practices, and sustainability.

Performance against the Strategy's CSR measures during 2025/26 has been strong, with a number of targets surpassed. All regulated procurements undertaken during the year incorporated both Fair Work First requirements and Community Benefit provisions, resulting in performance of 100% against both measures, significantly exceeding the Strategy target of 75%. This demonstrates consistent application of the Board's wider social value objectives across procurement activity.

Good progress has also been made in strengthening the processes that support delivery of these outcomes. New supplier relationship management arrangements have been introduced, providing enhanced opportunities to identify and realise community benefit opportunities while increasing collaboration with public health colleagues and other stakeholders. These arrangements are expected to further strengthen the contribution that procurement can make towards wider organisational objectives.

The Strategy includes a measure relating to the completion of Scottish Government Climate Literacy Training by commercial staff. At the time of reporting, 91% of staff had completed the training, exceeding the target of 90%. To support sustained compliance, the training has now been incorporated into the induction process for relevant new staff.

While overall performance has been positive, one target has not yet been achieved. The Strategy set a target for 15% of trade spend to be directed to suppliers based within the NHSGGC region. Performance for 2025/26 was 12.7%, representing a shortfall against the target. Further work will therefore be required during the remainder of the Strategy period to increase engagement with local suppliers and improve performance against this measure.

Overall, performance demonstrates significant progress in delivering the Corporate Social Responsibility objectives set out within the Procurement Strategy 2025–28, with the majority of key measures being achieved or exceeded. Focus will now be directed towards improving local supplier spend while maintaining the strong performance achieved in Fair Work First, Community Benefits and Climate Literacy.

2. Continuity and Security of Supply

A key objective of the Procurement Strategy 2025-28 is to strengthen supply chain resilience and improve inventory management arrangements across NHSGGC.

Significant progress has been achieved during the reporting period, supported by the implementation of the Genesys ward stock management system, which was introduced shortly after approval of the Strategy. The system provides enhanced

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reporting and analytical capabilities, enabling more effective monitoring of stock holdings, improved oversight of inventory levels and more efficient product distribution across clinical areas.

Performance against the Strategy's inventory management measures has been strong, with a number of targets achieved or exceeded. During 2025/26, 92.1% of ward stock holdings achieved ten days or more stock cover, exceeding the target of 90.0%. This reflects the improved visibility and control afforded by the Genesys system and provides greater assurance regarding the availability of critical supplies across the organisation.

Performance within the national supply chain also remained strong throughout the period. Delivery performance measured through the National Distribution Service One Time In Full (OTIF) indicator achieved 98.2%, meeting the Strategy target of 98.0%. This demonstrates continued reliability in the receipt and distribution of goods and contributes to maintaining continuity of service delivery across NHSGGC.

Alongside these performance achievements, the Procurement Department has continued to review and enhance supply chain arrangements. While a small number of localised supply issues arose within the National Distribution Centre during the year, none had an impact on patient care or service delivery. These incidents were used constructively to strengthen partnership working with clinical and operational colleagues, resulting in improved communication arrangements and earlier identification and escalation of potential risks. As a consequence, the Procurement Department has observed greater engagement from services in proactively sharing information on supply chain issues and emerging pressures.

The importance of these strengthened arrangements was demonstrated during the first quarter of 2026/27, when two suppliers with significant NHSGGC usage profiles were affected by cyber-attacks. These incidents involved a supplier of intensive care tracheostomy kits and breathing circuits, with an annual NHSGGC expenditure of approximately £0.35 million, and a supplier of orthopaedic implants and beds, with annual expenditure of approximately £7.0 million.

Despite the significance of these disruptions, both incidents were successfully resolved within 10 working days and no impact on patient services was experienced. This outcome was achieved through proactive supply chain management, effective contingency planning and close collaboration between the Procurement Department, clinical leads, and operational teams across the acute sector. The response demonstrated the increasing resilience of NHSGGC's supply arrangements and the effectiveness of the collaborative approaches established through the Procurement Strategy.

Overall, performance in this area has been positive, with all reported key performance measures either meeting or exceeding their targets. The introduction of the Genesys system continued strong national supply chain performance, and the effective management of external supply chain disruptions together demonstrate meaningful progress towards the Strategy's objective of maintaining a resilient, efficient, and sustainable supply chain.

3. Deliver Value for Money

A key objective of the Procurement Strategy 2025-28 is to support NHSGGC's financial sustainability through effective commercial management, robust contract governance and the delivery of recurring and non-recurring savings.

The Procurement Department has continued to work closely with National Procurement and other NHS Boards to manage emerging financial risks, including potential supplier price increases arising from geopolitical pressures and market volatility. Commercial teams actively monitor relevant market indicators, including raw material price trends, and, to date, no significant cost increases attributable to geopolitical events have been experienced.

Good progress has also been made in strengthening commercial capability across the organisation. In April 2026, responsibility for previously devolved commercial activities within Operational Estates and Digital Services transferred into the Procurement Department. The integration programme is progressing well and, as at July 2026, is substantially advanced and ahead of the planned implementation trajectory. This expanded remit is expected to support greater consistency, stronger commercial governance, and increased opportunities to deliver value across the organisation.

Performance against the Strategy's savings targets during 2025/26 was, however, mixed. The Department continues to set ambitious savings objectives reflecting the scale of the financial challenge facing NHSGGC. For recurring ledger savings, the annual target was £5.0 million, with £3.7 million delivered during the year. Similarly, for cost containment, cost avoidance and non-recurring savings, delivery totalled £3.2 million against a target of £5.0 million. While these outcomes represent significant financial benefits for the organisation, both measures fell below the targets established within the Strategy and highlight the increasingly challenging environment in which procurement savings are being secured.

Encouragingly, performance during the first quarter of 2026/27 indicates positive momentum. Savings of approximately £3.0 million have already been delivered across recurring savings, cost containment, and cost avoidance initiatives against an annual target of £10.0 million. This early progress provides a strong foundation for achieving improved performance during the current financial year. Particularly noteworthy has been the contribution of the Department's Sustainability and Value Team, which has identified and implemented efficiency opportunities generating almost £1.0 million of savings during the first quarter alone. These benefits have been realised through service redesign, demand management, and efficiency initiatives beyond those traditionally achieved through contracting and tendering activity. This demonstrates the increasingly strategic contribution that procurement is making to the delivery of financial sustainability.

Overall, progress in this area reflects both the challenges and opportunities facing the Procurement Department. Whilst the formal savings targets for 2025/26 were not achieved, significant savings were nevertheless delivered, commercial capacity has been expanded ahead of plan, and the Department has entered 2026/27 with a strong pipeline of opportunities and encouraging early-year performance. Continued focus on strategic procurement, commercial leadership and value-based initiatives

will be essential in supporting NHSGGC's broader financial recovery and sustainability objectives.

4. Improve Governance and Compliance

The Procurement Strategy 2025-28 includes a number of measures aimed at strengthening procurement governance, improving compliance with purchasing procedures and embedding more consistent commercial practices across NHSGGC. This remains a key area of focus for the Department and reflects the expansion of its remit following the integration of previously devolved commercial functions.

A significant milestone during the reporting period was the appointment of a new Purchasing and Systems Manager in January 2026, with responsibility for leading the delivery of a programme of process improvement and compliance enhancement. Progress against this programme has been positive, supported by the successful transition of commercial activity into the Procurement Department and the establishment of a stronger, more consistent governance framework.

Much of the planned improvement in this area is expected to be delivered through enhanced processes and system controls rather than through short-term performance interventions. To support this, the Department has commenced a comprehensive review of its tendering, contracting, and purchasing arrangements. This work is intended to strengthen governance and regulatory compliance, improve standardisation and deliver efficiency benefits through streamlined processes and clearer accountability.

As this programme of work is focused on delivering sustainable behavioural and process change, some measures are expected to improve over a longer timeframe. This is particularly relevant for indicators such as retrospective purchase orders, where improvements require revised procedures to be developed, implemented and fully embedded across the organisation. The Procurement Strategy explicitly recognises this challenge and includes a two-year improvement trajectory for these measures. As a result, current performance should be viewed within the context of a planned multi-year transformation programme rather than a single-year target.

Overall, progress during the period has focused on establishing the foundations necessary to achieve longer-term improvements in governance and compliance. Key achievements include the successful integration of devolved commercial activity, the appointment of dedicated leadership to drive change and the commencement of a comprehensive review of procurement processes. While some compliance-related performance measures have not yet reached their intended target levels, progress remains in line with the Strategy's planned improvement timetable and is expected to strengthen further as the revised arrangements become fully operational and embedded across NHSGGC.

5. Workforce Development

Developing and maintaining a skilled, engaged and professionally qualified workforce remains a key priority within the Procurement Strategy 2025-28. Performance against the Strategy's workforce development measures during 2025/26 has been particularly strong, with all reported indicators meeting or exceeding their target levels.

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The most recent iMatter staff experience survey returned an overall score of 88%, significantly exceeding the Strategy target of 80%. This positive result reflects the Department's continued focus on staff engagement, wellbeing and development and demonstrates the strong culture that exists across the Procurement workforce.

The Strategy also includes a measure relating to professional qualifications. At the year-end, 24% of procurement staff held Chartered Institute of Procurement and Supply (CIPS) qualifications, exceeding the KPI target of 20%. The Department continues to actively encourage professional development and provides substantial financial support through its training budget to enable staff to undertake and complete professional qualifications. The benefits of this investment are evident in the strength of the Department's internal talent pipeline and succession planning arrangements.

This commitment to workforce development has also translated into tangible career progression opportunities. During 2025/26, approximately 25% of staff within the Procurement Department secured internal promotion opportunities, including both temporary and permanent appointments. This level of progression demonstrates the effectiveness of the Department's investment in professional development and its ability to develop and retain skilled procurement professionals.

Further progress has been made in strengthening the Department's governance and assurance arrangements through the introduction of two Counter Fraud training modules as mandatory learning requirements for all procurement staff. At the time of reporting, completion rates were progressing in line with plan, with the Department on course to achieve 100% compliance by the target date of mid-August 2026.

Overall, workforce-related performance has been highly positive, with key measures exceeding their targets and demonstrating a strong culture of engagement, professional development, and continuous improvement. The combination of high staff engagement levels, increased professional accreditation, significant internal career progression and enhanced mandatory training arrangements provides assurance that the Department has the capability and capacity required to deliver the objectives set out within the Procurement Strategy 2025–28.

3 Recommendations

The NHSGGC Board is asked to consider the following recommendation:

- Note the progress made in delivering the objectives and priorities set out within the Procurement Strategy 2025-28, including the significant achievements during 2025/26 and early progress in 2026/27.

4 Response Required

This paper is presented for assurance.

5 Impact Assessment

The impact of this paper on NHSGGC's corporate aims, approach to equality and diversity and environmental impact are assessed as follows:

- | | |
|------------------------|------------------------|
| • Better Health | <u>Positive</u> impact |
| • Better Care | <u>Positive</u> impact |
| • Better Value | <u>Positive</u> impact |
| • Better Workplace | <u>Positive</u> impact |
| • Equality & Diversity | <u>Positive</u> impact |
| • Environment | <u>Positive</u> impact |

6 Engagement & Communications

The issues addressed in this paper were subject to the following engagement and communications activity:

- Regular reports on procurement spend and activity are presented to the CMT.

7 Governance Route

This paper has been previously considered by the following groups as part of its development:

- N/A

8 Date Prepared & Issued

Date Prepared: 28 July 2026
Date Issued: 19 August 2026

9 Appendices

None