

PROCUREMENT STRATEGY

Responsibility	Finance Manager	Karen Hunter
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Procurement Strategy

1. Introduction

The procurement of goods and services is a key process within the College. The Procurement Strategy specifies the objectives and policies relating to the management, efficiency of effectiveness of procurement to obtain best value from everything we purchase. Best value procurement will:

- Be transparent
- Create the most economically advantageous balance of quality and cost
- Follow all appropriate regulations and legislation
- Encourage open and fair competition
- Reduce the burden on administrative and monitoring resources
- Lead to simplified and routine transactions

The College wants to develop and maintain a good relationship with all its suppliers, local, regional, national, international, private and other public sector partners. We need a diverse and competitive supplier base that enables us to match our requirements with the relevant strengths and characteristics of the supplier.

The McClelland report was published in 2006 by the Scottish Government identified some weaknesses in relation to public sector procurement in that structures, people and technology were not in place to deliver effective procurement. It prompted centres of expertise across the public sector in Scotland. The centre of expertise for Further and Higher Education sector is Advance Procurement for Universities and Colleges (APUC).

APUC provide the Further and Higher Education sector opportunities to achieve cost savings and delivery of best value procurement solutions.

Procurement is an area that continues to receive political attention. Within these times of financial constraint, the ability to deliver more for less and eliminate waste is a key driver. In terms of delivering services that ensure maximum value the role of procurement is vital.

The College uses e-Procurement systems. PECOS is used for day to day purchasing. Hunter is used as a contract database and Public Contract Scotland (PCS) advertising portal is used for relevant procurement across the College.

Procurement is embedded in the Colleges Financial Regulations. The College will remove procurement from the Financial Regulations to create a detailed procurement policy that includes EU and National thresholds. See Appendix A.

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2. Purpose of the Strategy

This document aims to ensure that procurement planning reflects the College's Strategic aims and priorities. This will provide an opportunity not only to co-ordinate the current processes but also provide a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are being purchased. This Strategy was approved by the Board of Management at its meeting on the 15th December 2015.

3 Procurement Strategy, Objectives and Key Performance Indicators

The College Procurement Strategy has identified five key objectives:

- To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities
- To facilitate the development of an effective and co-ordinated purchasing effort within the College
- To analyse the institutions non staff spend and apply appropriate procurement strategies to deliver value for money and reduce commercial risk
- To develop appropriate management information in order to measure the performance and value for money achieved by the College
- To embed the sustainability statement within the Colleges procurement function and to comply with all relevant UK legislation in all aspects of College purchasing.

A set of best performance indicators (BPIs) will be developed to be monitored by the Executive Management Team quarterly and the Finance and General Purposes Committee on an annual basis.

These objectives enable the College to seek and ensure best value and value for money in relation to the procurement of goods and services. It is anticipated that the BPIs will be fully established and monitored from the financial year 2016-17 onwards. The College will seek to establish baseline data for the 2014-15 financial year. The College is assessed against the McClelland attributes as part of the Procurement & Commercial Improvement Programme (PCIP):

- Procurement Strategy and objectives
- Leadership and Governance
- Defining the Supply Need
- Commodity / Project Strategies and Collaboration
- Contract and Supplier Management
- Key Purchasing Processes and Systems
- People
- Performance Measurement

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4 Leadership and Governance

The College is committed to exhibiting best practice in all aspects of corporate governance. The College will ensure that all procurement, financial regulations and procedures are complied with and that value for money is achieved.

Within the College procurement is part of the Finance function and therefore falls within the responsibility of the Finance Manager. The day to day purchasing and internal financial controls is supervised by the Senior Finance Assistant. The Finance Department will liaise and consult with APUC on a regular basis.

The College will use the Public Contract Scotland advertising portal to advertise contracts over the value of £50,000 and the Quick Quote facility for tenders between £20,000 and £50,000.

4.1 McClelland Report

In response to the recommendations in the McClelland report APUC has produced a best practice 'Sector Procurement Manual'. This is based on the Scottish Governments procurement journey. The manual gives best practice on all aspects of procurement of goods and services from the initial purchasing to contract management. The College is committed to applying the guidance in this manual to all procurement transactions and contracts it undertakes.

4.2 Procurement Reform Bill

The College is required to meet its obligations to the Procurement Reform Bill that shall form Scottish legislation in December 2015. This will add additional responsibilities to the College such as advertising contracts over £50,000, publish a contract register on our website and look at contracts under the threshold with the view to having contracts for Suppliers where spend is £12,000 or more per annum (£48,000 over a 4 year period). The College Procurement Policy and Procedures will be updated to reflect the changes.

4.3 Suppliers Charter

The College has signed the Suppliers Charter. The Suppliers Charter forms an agreement between public purchasing and the business community in which public bodies commit to:

- Develop public sector procurement processes with the aim of ensuring fairness and transparency
- Consult with business on an ongoing basis to achieve change
- Advertise contracts in the appropriate manner consistent with the requirements of the Public Contracts (Scotland) regulations 2012
- Use the standard pre-qualification questionnaire when applicable
- Provide debriefing on request whether or not procurement regulations require it

In return by signing to the Suppliers Charter the College commits to:

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- Recognise that Public Sector must work within a legal framework when awarding contracts
- Encourage members to adhere to the Suppliers Charter including the use of the standard questionnaire
- Use judgement in bidding only for appropriate contracts
- Work with customers to deliver value for money throughout the life of the contract

4.4 Risk Assessment of Operational Environment

The College reviews its risk register on a regular basis. The College receives regular current procurement information from APUC, Scottish Government and CIPS. This information is monitored along with news and legislation changes to identify risk areas of procurement which relate to the College.

In developing the Procurement Strategy a number of key risks which directly relate to procurement were identified. The Strategy, objectives and action points are designed to include mitigation of procurement risk. Some of the key risks associated with procurement are:

- Non-compliance with procurement legislation
- Failure to procure goods and services from the correct Supplier at the best price
- Contracts let with companies who fail to meet their obligations in a way consistent with College expectations and policies
- Inadequate expertise and structure to deliver effective procurement

This analysis along with guidance issued by APUC, the Scottish Government is used as a basis for this procurement strategy.

5. Defining the Supply Need

Accurate specifications are deemed to be vital in tendering to ensure the College obtains the expected level of service at the expected price. For each tender contract a detailed specification will be developed to specify the expected service by the College and where appropriate implement a service level agreement.

The College shall actively monitor key existing contracts using customer feedback and management information to improve performance and achieve better value for the College.

6. Sourcing Strategies and Collaboration

6.1 Annual Expenditure Analysis

The College shall review its expenditure on an annual basis, categorising spend by commodity with a view to developing a sourcing strategy.

The College shall establish mechanisms for sourcing commodities by:

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- Using established framework agreements
- Direct tendering (either as a single College or through collaboration with other bodies)
- Competitive quotations

The sourcing strategy shall seek to reduce the supply base on an annual basis and through supplier management the College shall seek to ensure that the desirable suppliers are included on its supplier database.

The College follow the Procurement Policy and Procedure in sourcing goods, services and works.

6.2 Collaboration

The College will use national contract where possible and will seek to collaborate with other public bodies where it is deemed of benefit to the College and its stakeholders.

6.3 Terms and Conditions

The College will develop contractual terms for standard procurement. Bespoke terms will be used when required for unique projects.

6.4 Corporate and Social Responsibility

Corporate and Social Responsibility (CSR) is broadly described as a collection of related disciplines which represent an organisations overall ethos, personality and character. The banner CSR covers a wide number of issues including environment responsibility, human rights, equal opportunities, diversity, corporate governance, sustainability and community involvement.

The College demonstrates a clear commitment to CSR in all of its operations. The College is a member of the Environmental Association for Universities and College (EAUC), signed the Climate Change Commitment and has a Climate Change Action Plan which has been approved by its Board of Management.

The College has robust governance policies on equalities in gender, disabilities, equal opportunity and race. The College is committed to being a 'living wage' accredited employer.

The Procurement Strategy is committed to supporting the College in its CSR objectives and policies by:

- Continuing to provide the opportunity for local Suppliers and SMEs to win business in line with procurement policy and best value
- Incorporate the assessment of Corporate and Social Responsibility aspects into procurement processes including the 'living wage'.

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7. Contract and Supplier Management

The College will aim to have all material spend on goods and services under contract whether it be under collaborative procurement agreements awarded by APUC or contracts awarded by the College. This will ensure that the College is obtaining best value and continuous value for money. It also provides legally binding terms and specifications which can be used for reference in the light of any arising disputes.

A link to a list of current contracts awarded by the College along with those currently out to tender will be in the College Procurement section of the College Website.

The College shall adopt a formal approach to managing its key Suppliers by establishing and monitoring Best Performance Indicators (BPIs)

Approved suppliers on the PECOS e-procurement system will be reviewed on an annual basis to confirm value for money.

8. People

The College recognises the importance of suitably qualified members of staff and will fund members of staff to attend procurement training events as appropriate.

9. Performance Measurement

The College is required to report to the Scottish Government on the BPI's on an annual basis. Through this procurement strategy, the College will develop further measures to improve procurement performance and support business improvement through BPI's to the Executive Management Team quarterly. A report shall be provided annually to the Finance and General Purposes Committee and Board of Management. The following BPIs have been suggested by APUC:

Outcomes	Main Actions and Commitments	Best Practice Indicators	Timescales
Leadership and Governance - Practices and Processes			
Aggregate purchases to tender at institutional level.	Review annual expenditure.	Increased proportion of institutional expenditure that is contracted directly or positively influenced by procurement.	Annual
Contract and Supplier Management - Practices and Processes			
Support category A	Embedded procurement	Levels of spend of	Annual

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and B contracts where appropriate	policy	category A and B over total spend of category A, B and C contracts Increase number of relevant Cat A and B contracts in use	Annual
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10. Implementation and Review

The College will seek to implement its procurement strategy through taking the actions outlined. The strategy will be reviewed every 3 years or when new or changes to legislation is implemented.

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Appendix A

Authorisation Levels (Internal)

Budget Holder	Up to £10,000
Principal	£10,000 to £74,999
Chairman, Vice Chairman or Chairman of the Financial and General Purpose Committee	Over £75,000

Thresholds

Over £5,000	3 Quotes requested in writing or on Quick Quotes
Over £20,000	3 or more quote or mini tender if Framework Agreement available. This should be advertised on Quick Quotes, accessed via Public contracts Scotland
Over £50,000 (Goods & Services) Over £2,000,000 (Works)	PCS – Public Contract Scotland Open Tender advert
Over £181,302 Supplies and Service EU Tender	PCS open tender – Will automatically advertise in the OJEU (Official Journal of the European Community)
£4,551,413 Works Tender	PCS open tender – Will automatically advertise in the OJEU (Official Journal of the European Community)

Distribution

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