



**Working Together**

# **Procurement Strategy 2016-2020**

**January 2018**

## **Procurement Strategy 2016-2020**

### **Foreword by Peter Smith, Vice Principal – Finance and Corporate Services**

This Strategy has been designed to ensure legislative compliance with the Procurement Reform (Scotland) Act 2014 and other relevant legislation and is aligned with the College's and the Scottish Funding Council's key strategic outcomes as detailed in our Regional Outcome Agreement and College Strategic Plan.

As the College's level of regulated spend is below £5M per annum, it is not obliged to comply with all the requirements of the Act, including that to publish a procurement strategy and action plan; however it is considered best practice to do so. The Act does:

- require us to maintain a public contracts register on our external website;
- increase the scope of our regulated procurements; and
- require us to meet the sustainable procurement duty.

We are not required to publish an annual procurement report; however we already provide regular reports on Procurement Practices and Value for Money to the Audit Committee and this will continue.

This Strategy sets us challenging but realistic goals for the development of our procurement activities over the next 4 years which will be subject to regular and transparent review.

The successful implementation of this Strategy can only be achieved by everyone involved in the procurement of goods and services on behalf of the College working in partnership with our Procurement function and collaboratively with our partners across the wider education and public sector.

Working together we can significantly contribute to the future sustainability of the College through the reinvestment of resulting savings and efficiencies from our procurement activities to enhance our students' learning experiences and outcomes and meet our aspirations as set out in our College's Strategic Purpose, Vision, Values and Behaviours, and Strategic Goals by 2020.

## Procurement Strategy 2016-2020

### 1.0 Vision

1.1 The College will provide a managed procurement service to support value for money in its purchasing decisions, while supporting financial sustainability and meeting all statutory obligations, having particular regard to UK and EU procurement regulations, Equalities Act 2010, and environmental legislation.

### 2.0 Introduction and Context

2.1 In *Our Strategy – Towards 2020*, the College has identified five Strategic Goals:

- Respond to the needs of our region;
- Deliver successful outcomes for all learners;
- Provide a high quality college experience;
- Grow our business; and
- Build sustainability.

For each Strategic Goal the College has agreed a number of outcomes and objectives which the College aims to deliver.

2.2 To support the delivery of the Strategy and its outcomes and objectives, the College has agreed a set of ten supporting strategies relating to:

- Learning and Teaching;
- Learner Engagement;
- Human Resources and Organisational Development;
- ISLT;
- Employer Engagement;
- Finance;
- Procurement;
- Estates;
- Access and Inclusion; and
- Marketing and Communications.

Although Individual strategies are not linked to any one Goal, but are intended to support the Strategy as whole, the Procurement Strategy clearly links to a number of outcomes and objectives within the Goals:

- Goal 1: Respond to the needs of our region:
- Support our communities to build capacity, increase opportunity and reduce inequality.
- Goal 3: Provide a high quality College experience:
- Maintain high levels of strong and effective governance and leadership.
- Goal 5: Build sustainability:
- Implement an ambitious low carbon strategy, building on our sustainable SHARC heating and solar energy projects.
- Maintain strong financial management to operate balanced public finance budgets.

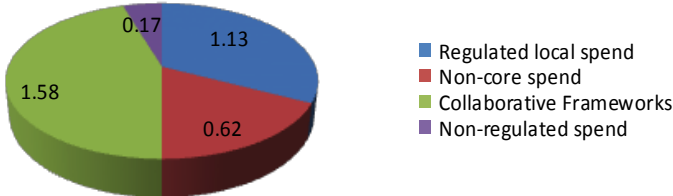
2.3 This Procurement Strategy provides the framework within which the procurement activities of the College can develop and help support our strategic objectives and outcomes. It can also be understood as a procurement improvements journey based on a clear understanding of where the College is currently, in terms of our procurement practice and where we want and need to be, and how we should get there.

2.4 The Procurement Reform (Scotland) Act 2014 provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice. As noted above, the College is not actually legally required to have and maintain a procurement strategy as part of the requirements of the Act; however, it believes in applying best practice wherever possible and intends that this strategy is the key driver in achieving best practice in its procurement function.

2.5 The Act focuses on a small number of general duties on contracting authorities regarding their procurement activities and some specific measures aimed at promoting good, transparent and consistent practice in procurement processes detailed below.

2.6 The College’s annual spend profile is displayed below with a total non-pay spend in the region of £3.500M of which circa £0.616M is non-core or non-influenceable spend.

**Borders College Spend Profile (£M’s)**



Thus our annual influenceable procurement spend is approximately £2.884M made up of £2.715M of regulated spend (above threshold) and £0.169M of non-regulated spend (below threshold).

2.7 This Strategy recognises that our procurement practice is based on the Scottish Model of Procurement which sees procurement as an integral part of policy development and service delivery and is essentially about achieving the best balance of cost, quality and sustainability.

2.8 A key element of this Strategy is about moving the balance of procurement effort away from the buying or tendering phase and towards a greater emphasis on the planning and post contract phases of procurement. Included in this is an increasingly greater engagement with our stakeholders both internal and external.

### 3.0 Strategy Themes and Objectives

In supporting the Corporate Goals and Outcomes, the College has identified five themes within this Strategy. They are:

#### 3.1 Ensuring alignment with the “Public Procurement Reform Agenda: 2014 – 17” (PPRB)

Our strategic procurement objectives as defined below form the core of our Procurement Strategy. Each objective is mapped to the five strategic areas defined by the PPRB; Sustainability, Access, Efficiency and Collaboration, Savings and Benefits and Capability, which in turn have been aligned with SFC’s Strategic Aims as further detailed in the College’s Regional Outcome Agreement, namely:

- Ensuring an efficient regional structure;
- Delivering high quality and efficient learning;
- Providing access to people from the widest range of backgrounds;
- Delivering the right learning in the right place;
- Creating a developed workforce for the region; and
- Creating a sustainable institution.

The table below demonstrates the alignment between the PPRB and the SFC Strategic Aims:

Aligning Key Outcomes	Sustainability	Access	Efficiency and collaboration	Savings and benefits	Capability
Ensuring an efficient regional structure	✓		✓	✓	
Delivering high quality and efficient learning					✓
Providing access to people from widest range of backgrounds		✓			
Delivering the right learning in the right place		✓			✓
Creating a developed workforce for the region	✓				
Creating a sustainable institution	✓		✓	✓	

The College's objectives and their links to the Outcomes are:

- 3.1.1 To sustain and further develop partnerships within the sector, with other publicly funded bodies, with professional bodies and appropriately with supply markets that will yield intelligence, innovation and deliver value to users of procurement services.  
**[Access; Efficiency and collaboration; Savings and benefits]**
- 3.1.2 To work with internal academic budget holders, professional support service colleagues and suppliers to deliver innovation and best value to the teaching and learning, and service support communities, through the development of an effective and co-ordinated purchasing effort within the College.  
**[Access; Efficiency and collaboration; Savings and benefits]**
- 3.1.3 To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.  
**[Savings and benefits; Efficiency and collaboration]**
- 3.1.4 To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners and to work with the supply chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students.  
**[Capability; Savings and benefits]**
- 3.1.5 To develop sound and useful procurement management information in order to measure and improve procurement and supplier performance in support of corporate planning conducted through a fair and transparent process.  
**[Efficiency and collaboration; Access]**
- 3.1.6 To embed sound ethical, social and environmental policies within the College's procurement function and to comply with relevant Scottish, UK and EU legislation in performance of the sustainable procurement duty.  
**[Sustainability; Capability]**

These objectives are measured and supported in three ways; through the Procurement Action Plan (section 8), through our involvement in APUC's Operational Procurement Review (OPR) and through the regular reporting of progress to the Audit Committee (section 7).

### **3.2 Ensuring compliance with general duties and specific measures of the Procurement Reform (Scotland) Act 2014**

As required by the Act the College must comply with a small number of general duties and some specific measures which will be embedded in Procurement Policy or in our Action Plan (section 8) but for clarity and to ensure full compliance with the Act are stated below:

#### **3.2.1 Contribute to the carrying out of our function and the achievement of our purposes** – the College will analyse its third party expenditure, identify ‘EU regulated procurements’ [Goods and Services worth more than £181,302 and Works worth more than £4,551,413 (OJEU Thresholds that apply to the College as an “other public sector contracting authority”) and ‘lower value regulated procurements’ [Goods and Services worth more than £50,000 and Works worth more than £2 million (Procurement Reform Act 2014)].

In addition, the College will sort regulated procurements into procurement categories and give consideration to appropriate and effective consultation that aligns individual procurement strategies with the College’s own aims and objectives and in turn their contribution to the National Outcomes as detailed in the College’s Regional Outcome Agreement.

Finally, the College will consider where appropriate the effective use of contract and supplier management to monitor and further improve the regulated procurement contract outcomes.

#### **3.2.2 Deliver value for money** – value for money as defined by the Scottish Model of Procurement is not just about cost and quality, but about the best balance of cost, quality and sustainability.

The College through its Procurement Policy and practice will seek to consistently apply the above principle albeit the balance of cost, quality and sustainability will vary for a regulated procurement depending on the particular commodity, category and market.



The College will consider the whole-life cost of what is being procured and when applying the above principle of value for money, ensure that it does so in a clear, transparent and proportionate manner; in line with the Treaty on the Functioning of the European Union of equal treatment, non-discrimination, transparency, proportionality and mutual recognition and in complying with the general duties of the Act as well as the sustainable procurement duty.

**3.2.3 Treating relevant economic operators equally and without discrimination** – The College will conduct all its regulated procurements in compliance with the principles of the Treaty on the Functioning of the European Union; equal treatment, non-discrimination, transparency, proportionality and mutual recognition and will consider early engagement with the supply market where relevant prior to the publication of a contract notice.

All regulated procurements will be posted on portals such as Public Contracts Scotland (PCS) and Public Contracts Scotland-Tender (PCS-T) and shall strive to ensure the appropriate use of separate lots with straightforward output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible.

**3.2.4 Acting in a transparent and proportionate manner** – the College will ensure it engages widely with its local supply market on an ongoing basis and through the College's Procurement Policy will mandate the use of clear and precise language in its specifications and ensure contracts are awarded using appropriate quality, risk and sustainability factors as well as cost according to declared score weightings specific to each contract.

The College will actively take steps to make it easier for smaller and local businesses to bid for contracts through; the use of Public Contracts Scotland and Quick Quotes, the provision of training and/or provide information on third party training opportunities to build suppliers capacity to better navigate the public tender process and by publishing a contracts register to highlight contracts that local suppliers may be interested in bidding for.

**3.2.5 The Sustainable Procurement Duty** – in compliance with the Act the College will give consideration to the environmental, social and economic issues relating to all regulated procurements and how benefits can be accrued, on a contract-by-contract basis by taking proportionate actions to involve SME's, third sector bodies and supported businesses in our procurement activities and in so doing benefit not only the College but the wider Scottish Borders region.

To support compliance with the duty the College will endeavour to make use available tools and systems such as the Scottish Public Procurement Prioritisation Tool, the Sustainability Test, Life Cycle Impact Mapping, the Scottish Flexible Framework as well as APUC's Code of Conduct, Sustain and Electronics Watch where relevant and proportionate to the scope of the procurement.

**3.2.6 Policy on the use of community benefits** – the College will consider for each of its procurements over £4m how it can improve the economic social or environmental wellbeing of the Scottish Borders through the inclusion of community benefit clauses aligned with the College's own strategic outcomes as well as a number of the Scottish Government's National Outcomes namely outcomes 2, 3, 4 and 7; namely (2) We realise our full economic potential with more and better *employment opportunities* for our people; (3) We are better educated, more skilled and more successful, renowned for our *research and innovation*, (4) Our young people are successful learners, confident individuals, effective contributors and responsible citizens and (7) We have tackled the significant inequalities in Scottish society.

Examples of the scope of community benefits clauses will include the delivery of training opportunities or subcontracting opportunities within the Scottish Borders, relevant and proportionate to the particular procurement. The College will strive to engage with internal stakeholders including students where relevant as well engage with the local and wider supplier community to ensure suppliers understand the use of community benefits and how to respond where they are included. Where possible and proportionate, such clauses may also be included in procurements below £4m.

### **3.2.7 Consulting and engaging with those affected by its**

**procurements** – the College will take note of available good practice/principles of engagement including those detailed in the National Standards for Community Engagement as well as ensuring procurement staff have or will be developed to have the relevant communication and engagement skills. The College will consider each procurement, the community affected by the resultant contract and ensure any affected organisations/persons are consulted (e.g. impact on service for students, or a local contract that could be combined with other similar institution's needs). Such consultation will always be on a scale and approach relevant to the procurement in question. All of the above will be embedded in the College's procurement practice.

**3.2.8 The living wage** – the College recognises the value of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers. Borders College is subject to national bargaining on pay and conditions and, as part of that process, will seek to become a living wage employer. In compliance with the Act the College will consider, before undertaking a procurement exercise, whether it is relevant and proportionate to include a question on fair work practices along with other relevant criteria, whilst ensuring the appropriate balance between quality and cost of the contract, paying regard to the statutory guidance including the application the living wage.

**3.2.9 Promoting compliance with the Health and Safety at Work Act 1974 and the Equality Act 2010** – The College is committed to contracting only with suppliers that comply with all appropriate and relevant legislation, including Health and Safety legislation and the general duties contained within the Equalities Act 2010.

Where appropriate, and on a contract by contract basis, the institution will assess the legislation applicable to a procurement and take steps to ensure bidders comply with such legislation. Where proportionate, the College also seek to assess the compliance of subcontractors.

**3.2.10 The procurement of fairly and ethically traded goods and services** – The College supports the sourcing of goods that are fairly and ethically traded.

Where directly relevant it shall make use of appropriate standards and labels in its procurements to take account of fair and ethical trading considerations as well as considering equivalent offerings from suppliers that can demonstrate they can meet the specified criteria without necessarily having the specific certification.

**3.2.11 The provision of food and improving the health, wellbeing and education of communities in the College’s area, and the promotion of the highest standards of animal welfare** – The College will find practical ways to supply healthy, fresh, seasonal, and sustainably grown food which represents value for money whilst improving the health, wellbeing and education of our teaching and learning communities, coupled with promoting the highest standards of animal welfare.

The College will work to put in place affordable contracts, which meet the nutritional requirements for food for all users of our catering services and will use available good practice and guidance such as “Catering for Change – Buying food sustainably in the public sector”

**3.2.12 Payment terms** – The College recognises the importance of paying suppliers promptly once a service has been performed or goods delivered and that late payment is particularly detrimental to SMEs, third sector bodies and supported businesses.

The College will comply with the Late Payment legislation and will review on a contract by contract basis whether such obligations should be enforced and monitored further down its supply chain.

### **3.3 Setting out a clear Procurement Policy**

3.3.1 Our Procurement Policy sets out the operational framework of how we conduct procurement and is largely based on the Scottish Government’s Procurement Journey. This will facilitate our regulated procurements being conducted in accordance with best practice in a legally compliant manner that is consistent with the rest of the Scottish public sector in achieving value for money for our stakeholders.

3.3.2 Policy is essentially about maintaining the integrity of process and combined with this Strategy will set out the College's strategic approach to procurement.

### **3.4 Ensuring a clear Reporting Framework and Cycle**

3.4.1 There is no statutory requirement for the College to publish an Annual Procurement Report. The College will provide annual reports to the Audit Committee containing statistical information on regulated spend, value for money achieved as well as a commentary on procurement activity throughout the year.

### **3.5 With regard to People and Performance Measurement, the College will:**

3.5.1 The Action Plan consists of a number of specific actions and commitments in relation to each of the strategic objectives and their desired outcomes these are also cross referenced to the relevant section of the Operational Procurement Review (OPR).

3.5.2 Progress against this Action Plan will be regularly monitored by the College's Procurement Advisory Group.

3.5.3 As part of the formal annual review of this Strategy, as indicated in section 1 above, this Action Plan will be reviewed and updated as required, to maintain alignment of the College's procurement activity with its broader priorities.

## **4.0 Responsibilities**

4.1 The Regional Board is responsible for setting the strategy.

4.2 The Vice Principal – Finance and Corporate Services is responsible for achieving the aims of the strategy.

4.3 The Senior Management Team is responsible for implementing the strategy.

4.4 The Head of Finance and Procurement is responsible for the reporting on progress toward the objectives.

4.5 All budget holders are responsible for delivering their services within agreed budgets.

## **5.0 Monitoring and Review**

5.1 The Audit Committee will receive monitoring reports in accordance with its meeting cycle.

## **6.0 Related Documents**

6.1 Strategic Plan 2016 – 2020

6.2 Sustainability Framework

6.3 Risk Register

6.4 Financial Regulations

6.5 Procurement Policy

6.6 Financial Procedures Manual

6.7 College Single Equality Scheme

6.8 Procurement Reform (Scotland) Act 2014

6.9 Scottish Model of Procurement

6.10 Scottish Government Procurement Journey

6.11 The Public Procurement Reform Agenda: 2014 – 17

