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BORDERS COLLEGE REGIONAL BOARD

AUDIT & RISK COMMITTEE

8 February 2024

Procurement Practices and Value for Money

1.0 PURPOSE OF PAPER

For information

1.1 The purpose of the paper is to provide Committee members with an update on the activities within the College's procurement function to ensure best practice and value for money.

2.0 EXECUTIVE SUMMARY

2.1 The College's Procurement Policy is aligned to the Public Procurement Reform Agenda, focusing on 5 themes:

- Sustainability
- Access
- Efficiency and Collaboration
- Savings and Benefits
- Capability

2.2 This report provides a refreshed approach to monitoring compliance reviews. The approach builds on current reporting which members of the Committee will be familiar with.

2.3 The College is committed to improving processes but this presents challenges as there are currently two separate systems in use, and functionality in the SUN system is currently under development.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

3.1 It is recommended that the Audit & Risk Committee: -

3.1.1 Note the information contained in this report and the progress made within the procurement function.

4.0 BACKGROUND

4.1 College procurement management meet quarterly to discuss statistics and operational planning, in attendance with Advanced Procurement for Universities and Colleges (APUC) representatives, understanding key public sector priorities and external developments.

4.2 Performance reporting will focus on 5 key themes:

- Compliance
- Contract Management
- Sustainability
- Procurement Support
- Tender Management & Sourcing

5.0 COMPLIANCE

5.1 Compliance reporting has been our main procurement KPI focus, understanding the value of non-contracted spend is important information to help manage our obligations, ensuring spending stays within agreed frameworks and public sector procurement legislation, and that competitive processes are followed. There is no change to the content of reports - considering values and details of non-compliant spending in our quarterly meetings, cumulative Year to Date's (YTD) give more meaning.

5.2 In the past other statistics focused on the number of invoices, this has been changed to include the number of orders, split by our two order systems, with Pecos considered to be more systematic in workflow, our SUN orders are in focus for a high level of manual processing, and potentially non-compliant in spending. This will also give a better indication towards procurement workload planning.

5.3 Order information was primarily included to help reduce manual orders to a minimum and increase PECOS orders – this has seen steady progress over the years. Further reviews of our financial procedures will highlight opportunities for improvements in process.

5.4 Statistics gathered from Q1 23-24 vs Q1 22-23 below show a continuing increase in the volume and value of PECOS orders; as well as an increase in contracted spend for the period. As the data is gathered, it is analysed further, for example there are concerns around the raising of repeat orders for low values.

5.4.1

YTD	TO PERIOD 3 (OCT) 2023		TO PERIOD 3 (OCT) 2024	
TOTAL INVOICES	986		888	
TOTAL £SPEND	£921,906		£1,276,429	
CONTRACT £SPEND	£428,043	46.4%	£859,208	67.3%
NON CONTRACT £SPEND	£349,737	37.9%	£294,329	23.1%
NON-INFLUENCEABLE SPEND	£144,126	15.6%	£122,892	9.6%
PECOS £SPEND	£732,079	79.4%	£1,039,916	81.5%
SUN £SPEND	£189,826	20.6%	£236,513	18.5%
TOTAL ORDERS	661		676	
TOTAL SUN ORDERS	72	10.9%	73	10.8%
TOTAL PECOS ORDERS	589	89.1%	603	89.2%
TOTAL ORDER VALUE	£1,012,328		£1,169,956	
TOTAL SUN ORDER VALUE	£54,341	5.4%	£58,176	5.0%
TOTAL PECOS ORDER VALUE	£957,987	94.6%	£1,111,779	95.0%

6.0 CONTRACT MANAGEMENT

6.1 Through the work on significant contracts and the timing for renewals, there is generally encouragement to focus on framework tendering. Contract management is not currently a function of the procurement team but is generally devolved to the contract owner within the College. Differing levels of formality apply depending on the importance and value of the contract to the College. Intervention tends to be reactive in response to issues in the delivery of a contract. There could be an argument for more proactive intervention from the procurement team in some cases, although this should be proportionate as limited resources are focused on supporting tender/framework submissions and compliance.

6.2 Software solutions are available from Pecos linked software to aid contract management, but this system is overbearing for the size of Borders College and requires all contracts to be managed by one user, which is not realistic in an organisation of our size.

7.0 SUSTAINABILITY

7.1 The College continues to work closely with APUC representatives to embed and effect sustainable procurement. Useful analysis has been started to review our current position and breakdown our Scope 3 spend to granular level, so that appropriate intervention can be decided upon.

8.0 PROCUREMENT SUPPORT

8.1 It is recognised that without a designated buying department that College employees involved in procuring require support to understand complex procurement legislation and process. Reporting of procurement performance

identified here will be distributed beyond the audit committee and advisory group to also include Wider Leadership Team on an annual basis. Continuing to discuss the procurement agenda will lead to improved benefits through problem solving, decision making and accomplishing procurement goals.

9.0 TENDER MANAGEMENT & SOURCING

9.1 The aim is to offer an efficient and effective service to the College in terms of the sourcing of required services and products, as well as the efficient management of the tender process in line with all guidance and regulation, de-risking purchasing for the College. This will also ensure Best Value to the College for all procurements.

10.0 IMPLICATIONS AND CONSIDERATIONS

10.1 Financial Implications – financial implications are detailed above in the report.

10.2 Learner Implications – there are no direct learner implications as a result of the contents of this report.

10.3 Staff Implications – there are no direct implications as a result of the contents of this report.

10.4 Equality and Diversity Implications/Equality Impact Assessment – there are no direct equality implications from the contents of this report.

10.5 Sustainability/Environmental Implications – there are no direct sustainability implications from the contents of this report.

11.0 RISK COMMENTARY

11.1 There could be significant risk if the College, and its staff, fail to comply with UK and Scottish Government procurement legislation, resulting in financial penalties and reputational damage. The Procurement Policy and the adherence to this reduces the risk to the College.

12.0 CONCLUSION

12.1 The procurement function continues to improve on previous compliance KPI results, ensuring value for money is achieved on all purchases wherever possible across the College.

Sara Wilson – Director of Finance & Procurement, 17 January 2024

Previous Board or College Committee Approvals:

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