

AUDIT COMMITTEE REPORT

Subject: Procurement Practices and Value for Money	Purpose: For Approval <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/>
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	Date: 22 January 2021
Purpose: To update the Committee with regard to activities in ensuring best practice and value for money in the College's Procurement function.	
Linked to Strategic Ambition: We will take a leading role in enabling an inclusive, resilient and sustainable Scotland	
Executive Summary: <p>The College's Procurement Strategy 2016-2020 is aligned to the Public Procurement Reform Agenda, focusing on five themes:</p> <ul style="list-style-type: none"> • Sustainability • Access • Efficiency and Collaboration • Savings and Benefits • Capability <p>This report updates the Committee with regard to progress.</p> <p>Sustainability</p> <p>The concept of sustainable procurement is a key part of our Procurement Strategy and Policy. Use of collaborative framework agreements wherever possible helps to ensure we meet this goal.</p> <p>Access</p> <p>Wherever possible, we use the Scottish Governments PCS-Tender e-tendering portal to advertise tenders, ensuring as wide access as possible for suppliers.</p> <p>Efficiency and Collaboration</p> <p>There has been an erosion in the percentage of purchases that have been undertaken through a compliant process during the Covid pandemic. Some of this is due to the urgency of some purchases, and some due to the perceived difficulties caused by being offsite and seemingly less accessible. The Pecos indicators are still positive due to a continued focus on moving suppliers to the automated order platform.</p> <p>The table below breaks down the College's total non-pay spend to the end of December 2020 of £1,664k (gross) between on- and off-contract spend, and also the spend managed through the electronic PECOS system as opposed to those placed manually and then entered directly through our SUN accounting system.</p>	

As can be seen on the table, total contracted spend YTD to end December 2020 at £0,986k, is 65.7% of total influenceable spend, so falling behind the 76.6% YTD figure for December 2019.

Total PECOS spend P12 YTD is 79.7% so an improvement on the previous year at 70.9%. There continues to be a concerted effort to add more active suppliers to PECOS to try to proactively reduce the need to raise manual orders in Finance. The percentage of non-contracted invoices is relatively high because most of these are ad-hoc small spends, not within procurement thresholds, where the products/services are not covered by procurement frameworks.

YTD	2020 PERIOD 5 YTD		2021 PERIOD 5 YTD	
TOTAL INVOICES	2068		1669	
TOTAL £SPEND	£2,436,951.46		£1,664,311.12	
INFLUENCEABLE £SPEND/INVOICES	£2,226,126.08	1839	£1,502,170.48	1490
CONTRACT INVOICES*	750	40.8%	673	45.2%
NON CONTRACT INVOICES*	1089	59.2%	817	54.8%
CONTRACT £SPEND*	£1,705,278.18	76.6%	£986,721.83	65.7%
NON CONTRACT £SPEND*	£520,847.90	23.4%	£515,448.65	34.3%
TOTAL SUN INVOICES	558	27.0%	363	21.7%
TOTAL PECOS INVOICES	1510	73.0%	1306	78.3%
TOTAL SUN £SPEND	£709,349.74	29.1%	£338,237.76	20.3%
TOTAL PECOS £SPEND	£1,727,601.72	70.9%	£1,326,073.36	79.7%
MAN/OTHER	£210,825.38	229	£162,140.64	179

*as proportion of influenceable spend/ invoices

Thresholds and Processes

Following a workshop last year we identified improvements to procurement and purchasing procedures, and a need for a realignment of procurement and purchasing thresholds. The Financial Regulations were updated to reflect new processes and thresholds. These arrangements have now been implemented on the Pecos system and extended to the manual process.

Savings and Benefits

For 2019-20 Borders College spend was 34% against APUC promoted frameworks plus 2% other frameworks, as well as 12% local collaborative spend. So far, savings on spend against frameworks in 2019-20 is reported as £87k however, final complete figures have not yet been issued by APUC.

Capability

The College undertook the Operational Procurement Review (OPR) with APUC in July 2020. This review assessed our current operational capabilities and practices. There was only one recommendation – and that was to formally record stakeholder feedback on procurement activity within the college. The optimal score was achieved for the balance of the questions and there was no further corrective action recommended.

The Summary Statement from the report is below:

Borders College has robust processes and controls in place that provide solid stakeholder support for the operation and delivery of benefits from effective procurement operations. There is a strong and supportive senior management overview of the procurement function and the work of the procurement office is well recognised by institutional budget holders. Analysis of data and reporting against performance is regular and sound. The level of resource seems adequate and well-matched to delivery of objectives. It is noted that a revised institutional strategy is planned for introduction in 2020/2021 and the College documentation that sits in support of that will be revised and re-aligned accordingly. The score achieved meets the optimal target level of 67% and with a few minor tweaks of process, the score looks set to be improved upon by the time of the next review, but without unnecessary expenditure of resource.

Recommendation: Committee to note the report.

Previous Committee Approvals: n/a

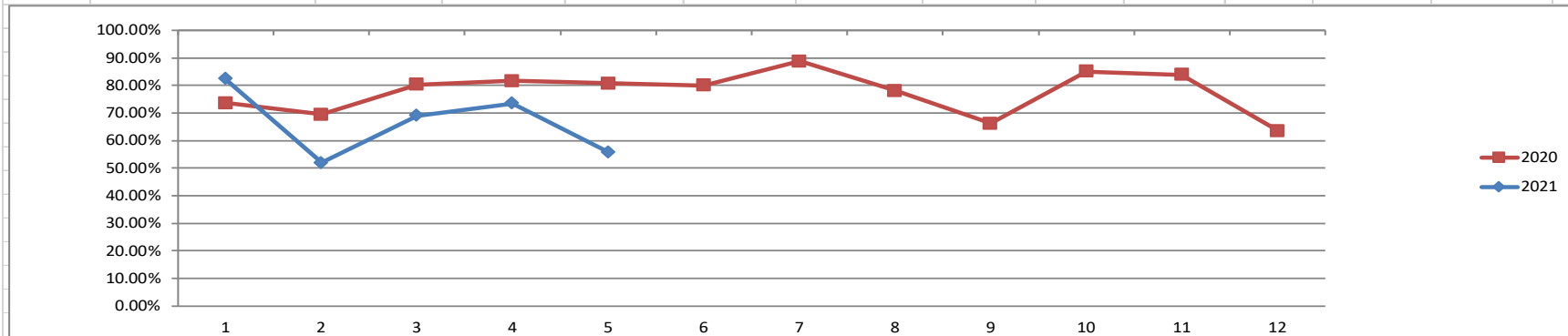
For publication ☒

For publication with
redactions ☐

Not for publication ☐

		PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5	PERIOD 6	PERIOD 7	PERIOD 8	PERIOD 9	PERIOD 10	PERIOD 11	PERIOD 12
2020	CONTRACT ESPEND	73.6%	69.4%	80.3%	81.6%	80.7%	80.0%	88.8%	78.1%	66.2%	85.1%	83.9%	63.6%
2021	CONTRACT ESPEND	82.3%	51.9%	69.0%	73.4%	55.8%							
2020	PECOS INVOICES	52.2%	72.9%	80.2%	72.4%	72.6%	72.5%	75.7%	72.7%	77.6%	54.5%	58.9%	56.6%
2021	PECOS INVOICES	74.1%	71.5%	80.1%	79.7%	82.0%							

Contracted Spend % TY vs LY By Period



PECOS Invoices % TY vs LY

