

# AUDIT COMMITTEE REPORT

<b>Subject:</b> Procurement Policy	<b>Purpose:</b> <b>For Approval</b> <input checked="" type="checkbox"/> <b>For Discussion</b> <input type="checkbox"/> <b>For Information</b> <input type="checkbox"/>
<b>Prepared by:</b> H Robertson Vice Principal – Finance & Corporate Services	<b>Date:</b> 13 May 2021
<b>Purpose:</b> To approve the Procurement Policy which is a combination of the Procurement Strategy and Policy documents, and parts of the Financial Regulations.	
<b>Linked to Strategic Goal:</b> We will take a leading role in enabling an inclusive, resilient and sustainable Scotland	
<b>Executive Summary:</b>  Members are asked to approve the Procurement Policy which is a combination of the previous Procurement Strategy and Policy documents. A review of all College strategies have been held in order to reduce the overall amount and in the context of the Strategic Ambition. Input from APUC and internal approvals have been held.	
<b>Recommendation:</b> Committee to approve the Procurement Policy.	
<b>Previous Committee Approvals:</b>	
For publication <input checked="" type="checkbox"/>	For publication with redactions <input type="checkbox"/>
Not for publication <input type="checkbox"/>	



**Regionally Focused – Globally Engaged**

# **Procurement Policy**

**February 2021**

### History of Changes

Version	Description of Change	Authored by	Date
1.0	Document created from merger of parts of Financial Regulations, Procurement Strategy, and Procurement Policy (procurement spend profile still to be updated, and Equalities Assessment to be completed)	H Robertson	March 2021

### 1 Foreward

This document has been designed to ensure compliance with relevant legislation and Scottish Funding Council requirements. It is aligned with the College's Strategic Ambition.

Legislation requires us to:

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

Our regulated spend is below £5m per annum, so we do not have to comply with all legislative requirements, however we have chosen to:

- integrate procurement strategy and policy, and have adopted an action planning process as best practice
- provide regular reports on Procurement Practices and Value for Money to the Audit Committee.

This document sets challenging but realistic goals for our procurement activities, which will be regularly and openly reviewed.

Successful implementation can only be achieved by everyone involved in the procurement of goods and services working in partnership with our Procurement function and collaboratively with our partners across the education and wider public sector.

Working together we can help achieve our Strategic Ambition, enhance learning experiences and outcomes, and significantly contribute to the future success and sustainability of the College through meeting requirements for products and services, and reinvesting savings from procurement activities in front line delivery.

Hazel Robertson  
Vice Principal – Finance and Corporate Services

### Strategic Intent

#### 2.1 Vision

Through effective procurement processes, we will support organisational strategy, secure value for money and contribute to financial sustainability, whilst meeting statutory obligations, with particular regard to procurement regulations, equalities and environmental legislation.

#### 2.2 Context

The Procurement Reform (Scotland) Act 2014 provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth.

The College is not legally required to have and maintain a procurement strategy; however, we apply best practice wherever possible. This document sets out an improvement framework within which procurement can help deliver strategic objectives and outcomes.

#### 2.3 Strategic Ambition

College Strategy and Policy are intended to support the Strategic Ambition as whole. Procurement supports achievement of our high level performance measures:

- Delivery models are personalised
- Influential and collaborative partner
- National leaders in sustainable practice
- Supporting all with a sound financial future
- Recognised nationally as a progressive organisation
- Responding to the climate crisis through a series of innovative projects and organisational behavioural change.

#### 2.4 Procurement Practice

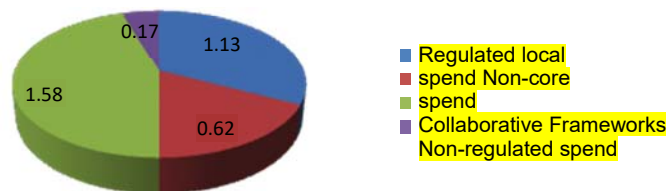
Our procurement practice is based on the Scottish Model of Procurement which sees procurement as an integral part of service delivery and achieving a balance of cost, quality and sustainability.

A key objective is to move the balance of procurement effort from the buying or tendering phase towards a greater emphasis on the planning and post contract phases of procurement. This includes increasing engagement with stakeholders both internal and external.

### 2.5 Procurement Spend Profile

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).

### 3.0 Procurement Themes and Objectives

#### 3.1 Public Procurement Reform

The UK Government launched a green paper in December 2020 to reflect the end of the Transition Period and to overhaul the outdated public procurement regime. We must leverage our procurement spending to play our part in the economic recovery, enable more small businesses and enterprises to innovate, and meet our net zero carbon target. The consultation covers the following areas:

- A simpler regulatory framework
- Effective contract management
- Ensuring open and honest contracting
- Using the right procurement procedures
- Using the best commercial purchasing tools
- Awarding the right contract to the right supplier
- Current procurement procedures and thresholds
- Fair and fast challenges to procurement decisions.

Responses to the Green Paper are to be submitted by 10 March 2021. There will continue to be engagement with Scottish Government about the application of these proposed reforms.

Local objectives will be reviewed to support public procurement reform. In the meantime we will continue to report on compliance with current Scottish Government and legislative requirements.

### 3.2 Objectives

- 1. To enable innovation in service delivery**  
Collaborate with budget holders, academics, professional support staff and suppliers to deliver innovation and value for money in teaching and learning, and service support, through effective and co-ordinated purchasing.
- 2. To adopt ethical, social and environmental principles**  
Embed social, ethical and environmental procurement and comply with relevant Scottish, and UK legislation for sustainable procurement.
- 3. To sustain and further develop partnerships**  
Partnerships within the sector, with other publicly funded bodies, with professional bodies and with supply markets will yield intelligence, innovation and value in procurement outcomes.
- 4. To drive value from contracts by enhanced contract management**  
Work with supply chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of staff and students.
- 5. To provide quality management information which drives improvement activity**  
Provide sound and useful procurement management information to measure and improve procurement and supplier performance.
- 6. To enhance capability of procurement practitioners**  
Seek out professional development to enrich and enhance experience and capability of procurement practitioners.

Achievement of these objectives are measured through the Procurement Action Plan and monthly monitoring report, APUC's Operational Procurement Review (OPR) and regular reporting of progress to the Audit Committee.



### 3.3 Procurement Framework

#### 3.1 Scope

Procurement is the process of acquiring goods and services, including capital and construction works. These goods and services form a significant element of College expenditure and it is therefore vital to achieve value for money in their acquisition.

Public procurement in Scotland is subject to stringent legislation, together with specific requirements of the Scottish Government and Scottish Funding Council. Our Procurement Framework is largely based on the Scottish Government's Procurement Journey.

This document applies to all procurement activity undertaken by Borders College, any subsidiary undertakings, and all individuals involved in that activity.

#### 3.2 Principles

<b>Value for money</b> <ul style="list-style-type: none"><li>• Collaborative procurement</li><li>• Competitive tendering</li><li>• Environmental responsibility and sustainability</li><li>• Corporate social responsibility</li><li>• Community benefits</li><li>• Fair and ethical trading</li><li>• Food standards</li><li>• Living wage</li></ul>	<b>Efficient and effective</b> <ul style="list-style-type: none"><li>• Procedures</li><li>• Promoting H&amp;S and equalities</li><li>• Without discrimination</li><li>• Transparent and proportionate</li><li>• Consulting and engaging</li><li>• eProcurement</li><li>• Contracts register</li><li>• Active supplier management</li><li>• Terms and conditions</li></ul>
<b>Appropriate skills and expertise</b>	<b>Performance and practice review</b>

### 3.3 Value for Money

Value for money is achieved through good procurement practice and optimal collaboration. It is about the best balance of cost, quality and sustainability. We will consider whole-life cost and ensure that we do so in a clear, transparent and proportionate manner.

#### a) Collaborative Procurement

We will, wherever possible, use collaborative approaches. This may involve the use of framework agreements negotiated nationally, for the sector, or locally with other partners such as Scottish Borders Council.

#### b) Competitive Tendering

Competitive tendering will be used wherever appropriate, in accordance with the College's Financial Regulations and regulated procurement thresholds. This includes tendering within framework agreements, competitive quotes, and sealed tender bids.

Post-tender negotiations (ie after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can only be entered into provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the College's tendering process.

In each case a justification should be approved in advance by the Principal showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the likely improved value for money.

All post-tender negotiations should be reported to the Finance and General Purposes Committee.

#### c) Environmental Responsibility and Sustainability

Procurement of goods and services has an environmental impact in addition to the direct impact of the goods and services. This includes transport and manufacturing. Particularly in large projects or regulated procurement, we will consider the sustainability of solutions, taking into account the source of materials, use of natural resources, and economic growth.

Where relevant and proportionate, we will use available tools and systems such as the Scottish Public Procurement Prioritisation Tool, the Sustainability Test, Life Cycle Impact Mapping, the Scottish Flexible Framework, APUC's Code of Conduct, Sustain and Electronics Watch.

### **d) Corporate Social Responsibility**

Our relationships are not simply as an education and training provider, but also as a supplier and consumer of goods and services. We recognise our role as a partner to businesses and voluntary organisations in the Scottish Borders and further afield. We will consider how social and economic benefits can be derived, by taking proportionate actions to involve SME's, third sector bodies and supported businesses in procurement. This will benefit the College and the Scottish Borders region.

### **e) Community Benefits**

For procurements over £4m we will consider how to improve economic social or environmental wellbeing through community benefit clauses aligned with our strategic ambition and/or Scottish Government's National Outcomes. Where possible and proportionate, such clauses may also be included in procurements below £4m.

Examples of community benefits include training or subcontracting opportunities. We will engage with internal stakeholders including students where relevant and the supplier community to ensure suppliers understand the concept and how to respond to this criteria.

The College will ensure that conditions in accordance with the College's Equality Outcomes and Action Plan are included in contracts with external providers, where appropriate.

### **f) Procurement of fairly and ethically traded goods / services**

We support sourcing goods which are fairly and ethically traded. Where relevant we will use appropriate standards and labels in our procurements to take account of fair and ethical trading. We will consider offerings from suppliers that can demonstrate they meet the specified criteria without having certification.

**g) Food standards, improving health, wellbeing and education, promotion of the animal welfare**

We will find practical ways to supply healthy, fresh, seasonal, and sustainably grown food which improves the health, wellbeing and education of our communities, and provides the highest standards of animal welfare, whilst still representing value for money. We will put in place affordable contracts, which meet nutritional requirements for users of our catering services and use good practice guidance such as “Catering for Change – Buying food sustainably in the public sector”.

**h) The living wage**

We recognise the value of a well- motivated and dedicated workforce both in the College and in our suppliers. Borders College is a living wage employer. We will consider, before undertaking a procurement, whether it is relevant and proportionate to include a question on fair work practices, whilst still ensuring a balance of quality and cost.

### **3.4 Efficient and Effective**

**i) Procedures**

The College will ensure that it has clear, concise procurement procedures, as part of its Financial Regulations and Finance Manual. These detail roles and responsibilities, including authorisation levels and appropriate procurement route for types and levels of procurement. A matrix of current approval levels is shown at Appendix A.

Official orders must be placed for the purchase of all goods and services, except those made using purchasing cards, company credit cards or petty cash. All purchase orders will refer to the College's terms and conditions which are available on the website.

Delegated budget holders must comply with the College's tendering procedures as set out in Appendix B.

**j) Compliance with Health & Safety at Work and Equality legislation**

We are committed to contracting only with suppliers that comply with all relevant legislation, including Health & Safety and Equalities. Where appropriate we will identify legislation applicable to a procurement and take steps to ensure bidders comply with such legislation. Where proportionate, we assess the compliance of subcontractors.

### **k) Treating economic operators without discrimination**

All regulated procurements will comply with the principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition. If relevant we will engage with the supply market before posting a contract notice. We separate lots where appropriate, to ensure the procurement is open to as many bidders as possible.

### **l) Transparent and proportionate**

We will engage widely with the supply market and use clear and precise language in specifications and evaluation criteria. Contracts will be awarded using quality, risk and sustainability factors alongside cost, using weightings specific to each contract.

We will make it easier for smaller and local businesses to bid:

- use of Public Contracts Scotland and Quick Quotes
- provide training opportunities to build suppliers capacity to navigate the tender process
- publish a contracts register to highlight contracts that local suppliers may be interested in bidding for.

### **m) Consulting and engaging with those affected by its procurements**

We will apply available good practice/principles of engagement including the National Standards for Community Engagement as well as ensuring procurement staff have the relevant communication and engagement skills.

We will consider each procurement, the community affected by the resultant contract and ensure any affected organisations/ persons are consulted. Such consultation will always be on a scale and approach relevant to the procurement in question.

### **n) eProcurement**

We recognise the benefits of e-Procurement solutions in terms of efficiency and cost reduction. PECOS is our primary ordering solution and concerted efforts will be made to reduce manual orders.

## **3.5 Payment terms**

We recognise 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. We 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.

### 3.6 Analysis of third party spend

We will analyse third party expenditure, classify spend in bandings which reflect the relevant procurement thresholds locally and nationally.

We will sort regulated procurements into categories and consult with budget holders to align procurement approaches with the College's Strategic Ambition and Outcome Agreement requirements.

### 3.7 Reviewing progress

Progress against the Action Plan will be regularly monitored by the Procurement Advisory Group, chaired by the Vice Principal Finance and Corporate Services.

Performance indicators will be monitored by the PAG including:

- Contract invoices v non contract
- Contract spend v non contract spend
- Sun invoices v Pecos invoices
- Sun spend v Sun invoices
- Payment performance.

We will provide reports on performance including an Annual Report to the Audit Committee containing statistical information on regulated spend, value for money as well as a commentary on procurement activity throughout the year.

### 3.8 Annual review

As part of the annual review of progress, the 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 strategic direction.

**4.2** The Vice Principal – Finance and Corporate Services is responsible for upholding the aims of the policy.

**4.3** The Senior Leadership Team is responsible for implementing the policy, and delivering their services within agreed budgets

**4.4** The Assistant Principal - Finance is responsible for leadership of the procurement function, ensuring adoption of best practice, implementing the action plan, and reporting on progress toward the objectives and KPIs.

- 4.5** All budget holders are required to comply with good procurement practice as outlined in this Policy and Framework.

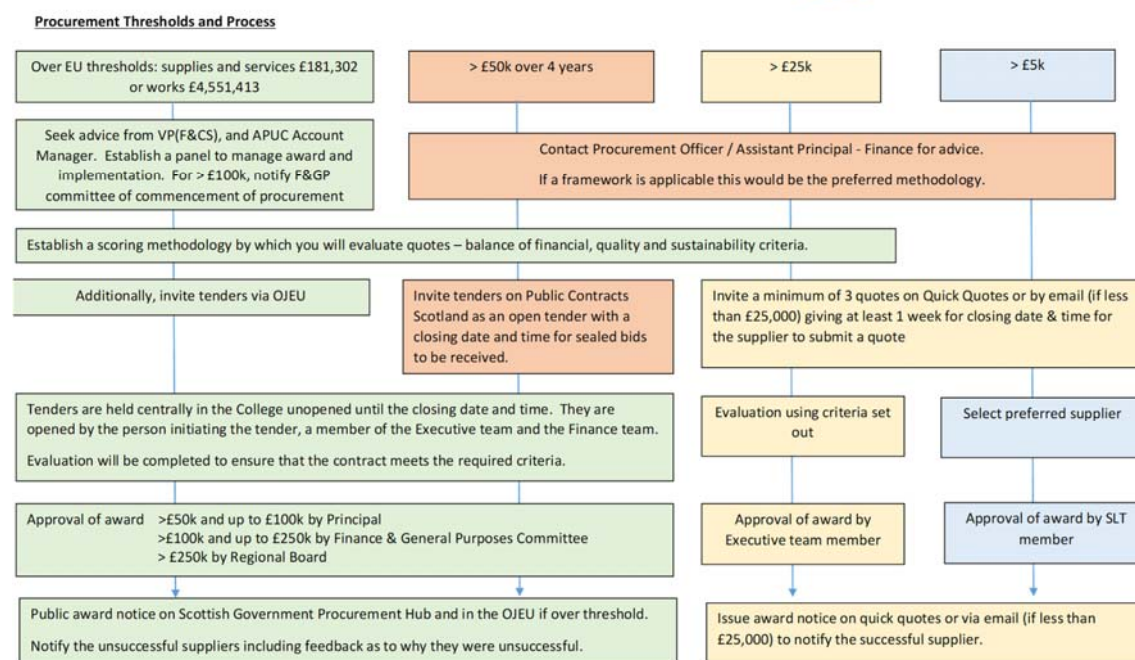
### **5.0 Monitoring and Review**

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

### **6.0 Related Documents**

- 6.1** Strategic Ambition
- 6.2** Regional Outcome Agreement
- 6.3** Financial Regulations
- 6.4** Finance Manual
- 6.5** College Single Equality Scheme
- 6.6** Procurement Reform (Scotland) Act 2014
- 6.7** Scottish Model of Procurement
- 6.8** Scottish Government Procurement Journey
- 6.9** UK Government Transforming Public Procurement

## APPENDIX A APPROVAL ROUTES





### Appendix B Tendering Procedures

- Duty to comply by the College's staff.
- Directives to be complied with.
- Competitive tendering procedures, which will:
  - Ensure fairness of competition
  - Ensure the companies invited to tender are financially and technically able to meet the Colleges requirements
  - Indicate the terms of the contract
  - Outline the appropriate UK and Scottish standards to be complied with.
- Quotations procedures, which will indicate
  - The minimum number of firms that should be expected to provide quotations
  - List of available firms in existence which have been approved by the college that might undertake the work specified
- The terms by which the contractors will be paid.
- The national requirements concerning good practice that should be followed.
- Submission of tenders (e.g. time, date, etc.).
- Receipt of safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Acceptance of tenders/quotations.
- Justification of acceptance of tenders not at best value.

