

University Procurement Strategy 2017

We aim to meet the needs for goods, services and capital works as a truly global university, rooted in Scotland's capital city and achieve value for money on a whole life basis, generating benefits not only to the University, but making a significant, sustainable and socially responsible contribution locally and globally.

Foreword

This University Procurement Strategy 2017*, underpins the University's Strategic Plan 2016, and it sets out the strategic direction for all procurement activity for the next five years.

The strategy has three main purposes:

1. to demonstrate compliance with legal duties, the University Court requires delegated authorities to always follow relevant regulations and legal duties, including, but not limited to (the new rules, effective on 18th April 2016),
 - the Public Contracts (Scotland) Regulations 2015 which covers EU-regulated procurement,
 - the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016 and related Statutory Guidance, which covers above/below EU level regulated procurement,
 - any other legislation, relevant case-law and formal policy requirements, as amended.
2. to underpin the University's strategic objectives in the acquisition of goods, services and works, from capital and revenue funding, including research or collaborations,
3. to facilitate practices encouraged by recent procurement reforms, or relevant professional standards.

All procurement in the University is conducted on behalf of the legal entity of the University i.e.
The University Court of the University of Edinburgh.

Procurement matters in the University as it not only delivers value for money but sets the tone for ethical business and responsible dealings with our commercial partners.

Phil McNaull, Director of Finance

*The procurement strategy and annual report is to be reviewed each year and be re-issued or amended. The current economic, political, financial environment may affect elements of the plan.

EXECUTIVE SUMMARY:

The University will act in procurement in a transparent and proportionate manner.

University Court determines who is responsible for law and strategy compliance see [Delegated Authority Schedule](#)¹. The Annual Report will confirm progress and be a public document according to our legal duties (from FY 2016-17, due to be published by December 2018).

- **Foreword** explains the three main purposes of the strategy: compliance with legal duties, underpinning the University's strategic objectives, facilitating good practices.
- **Key Performance Indicators to date** - shows progress on target for the key indicators:
 - Performance overall - assessment of [procurement capability](#) remains in highest band,
 - Influence - professional procurement influence on expenditures is 84% of total,
 - Efficiencies - procurement value for money efficiencies were £13.8million,
 - Skills - modern apprenticeship and staff developments on target, **IIP Silver**
 - Digital first - a single eProcurement solution rolled out, finance controls improved.

Our approach to legal duties: an Appendix links each section of this Strategy to our law Statutory Duties.

What is in the Procurement Strategy?

1. **Strategic Fit** - the University Procurement Strategy underpins the [University Strategic Plan](#)
2. **Procurement contribution to University strategy** – vision, values and Procurement Office role
3. **Transparency and governing principles** - our principles, business pledge, procurement journey, and global professional standards, including current [Regulated Procurement Thresholds](#)
4. **Delivering Value for Money** – explains the value from procurement and how our strategy can be assessed as a procurement and commercial improvement programme (linking policy and action)
5. **Priorities for Social Responsibility and Sustainability (SRS)** – how we prioritise and monitor risks and benefits, delivering impact for society, and link to related activities led by SRS Committee e.g. using shared tools to prioritise, and assessing against the flexible framework for progress on:
 - Modern Slavery Act
 - Good Food Policy
 - Zero Carbon Policy
 - Community Engagement
6. **Risk Management** - how we work together to avoid or mitigate risk and oversight groups e.g. University Risk Management Committee and Procurement Risk Management Executives (PRiME).
7. **Performance Management and Reporting** - explains the approval process for Annual Report.
8. **Key Performance Indicators for Procurement Action** – measures, agreed in consultation, for

Action Plan - Priorities for 2017-18:

- finance transformation project service excellence;
- financial controls (project eagle);
- improved finance services for users and providers in 'procure to pay'; from planning to end-of-life/re-use;
- simplified or routine transactions using eProcurement tools; inviting bids via eCommerce (digital first);
- improved estates capital and services procurement using a common protocol;
- support major IS projects including contributions to Core Systems strategy;
- support improvement in supply chain sustainability and social responsibility ;
- increased use of contracts and staff awareness of procurement information and shared benefits.

Appendix – Links strategy to the relevant Statutory Duties under the Procurement Reform (Scotland) Act 2014.

¹ DAS will be reviewed under Service Excellence Programme.

University Procurement Strategy 2017

1. Strategic fit

The procurement strategy underpins the University Strategic Plan and the University Court determines who is responsible for delivering its purpose.

University Mission:

We discover, develop and share knowledge. As a centre of academic excellence we aim to:

- *provide the highest quality research-led learning and teaching*
- *challenge the boundaries of knowledge, research and disciplines*
- *enable our graduates and staff to be exceptional individuals equipped to address global challenges*

2. Procurement contribution to University strategy

2.1 University Procurement Vision² ‘We aim to meet the needs for goods, services and capital works as a truly global university, rooted in Scotland’s capital city and achieve value for money on a whole life basis, generating benefits not only to the University, but making a significant, sustainable and socially responsible contribution locally and globally.’

2.2 Procurement Values

The University Procurement Office is situated in the Finance Department. Its staff uphold the Finance values:

- One Team
- Expert
- Innovative
- Customer Focused
- Transparent

2.3 Procurement Office teams’ contribution is:

1. To work with budget-holders and suppliers to obtain innovative and sustainable solutions which achieve value for money as quickly as possible without compromising standards
2. To promote good procurement practices and the optimal use of collaboration
3. To support staff development, supplier capability and eCommerce efficiency
4. To assist sound management information to aid with planning and processes
5. To embed ethical, social, environmental policies within procurement practices
6. To reduce supply and legal or reputational risks for the University overall

² As stated in previous strategic plan, approved by Court since 2006 procurement reforms and amended for new SP Vision.

3. Transparency and governing principles³

In order to demonstrate that we comply with transparency and proportionality principles, University staff will choose routes to market, following an appropriate [Procurement Journey](#).

The University will publish and maintain its contracts register and improve information for buyers to use contracts so that third parties (e.g. local firms, potential bidders for future business) can be aware of agreements we use, or may offer services to our [contractors](#).

The University Procurement Office is staffed with professional Members of the Chartered Institute of Procurement and Supply⁴ (CIPS) to advise colleagues of the appropriate procurement routes and what to consider, against global professional standards and to uphold CIPS code of ethical conduct, which is re-assessed regularly. Procurement Office is part of the Finance Department.

3.1 Principles of the University of Edinburgh procurement activities are:

- equal treatment
- non-discrimination
- transparency
- proportionality
- mutual recognition

3.2 Business Pledge

We will conduct open and fair competitions in accordance with these principles and adhere to our public commitment to uphold the [Business Pledge](#).

3.3 Regulated procurement thresholds (2017)

Regulated procurements, defined by Scots law, are for goods of **£50,000**; services of **£50,000**; capital works of **£2,000,000** or more⁵.

EU-Regulated procurements, as defined by EU law, are for goods of **£164,176**; services of **£164,176**; capital works of **£4,104,394⁶** or more.

3.4 Procurement Journey

The University will ensure suitable procurement routes for all acquisitions deliver Value for Money⁷.

³ EU Treaty Principles apply as we are a *public contracting authority*, but are pertinent to good governance and charitable status of the University, and are likely to remain relevant if the EU Treaty no longer applies in future. 'Brexit' only changes status *after UK leaves* the EU.

⁴ MCIPS are in certain schools and units as well as the central procurement office.

⁵ *The levels and responsibilities are subject to change by Scottish Ministers.*

⁶ *Public contracts (EU) thresholds are revised every 2 years – next due on 01/01/2018.*

⁷ Relevant services will be reviewed as part of Service Excellence Finance Transformation Project.

4. Delivering Value for Money

Value comes from better quality or service, social responsibility and sustainability gains, using supplier 'know how' to deliver innovation, using skills and competency to improve performance and drive added value which grows support, from those who fund our institution, to deliver its strategic purpose.

This procurement strategy is aligned to the Scottish procurement reform and procurement and commercial improvement programme, under which the University is assessed, independently, every two years (due 2018) on;

- Procurement Leadership and Governance
- Procurement Development and Tenders
- Contracting
- Key Purchasing Processes and Systems
- People
- Priorities for Social Responsibility & Sustainability
- Performance Management and Reporting

Procurement Risk Management Executives (PRiME) advise Central Management Group, Court Delegated Authorities and the University Central Management Group oversee the operations in line with the strategic plan. Service Excellence Programme is reviewing priorities for Finance.

4.1 Procurement Leadership and Governance -

Continue to increase the profile and senior sponsorship of procurement across the organisation, improving links to the University strategic plan objectives and embed in all its business plans.

4.2 Procurement Development and Tenders -

Develop better "category management" using existing shared resources and build up category procurement strategies which give 85% coverage of third party spend and agree targets for each category that are shared at Colleges and Support Groups.

Encourage small and medium enterprises, third sector and supported business.

Where appropriate, and on any given contract, the University will assess the legislation and University health and safety policy applicable prior to a procurement and take steps to ensure bidders comply with such legislation. If proportionate, the University may also assess compliance of subcontractors, and request changes if risks are identified in bids or during contracts.

Where appropriate, and on advice from Director of Procurement, we will collaborate on procurement strategies, contracts and framework agreements with other organisations.

4.3 Contracting -

Whom we do business with affects the reputation of the University and how firms are chosen is a matter of public scrutiny. As a charitable body and public contracting authority, we will adhere to the best practice on selecting bidders.

4.4 Key Purchasing Processes and Systems -

Within the [Service Excellence Programme](#) the University has developed a Core Systems Strategy setting out the 10-year systems roadmap, technical strategies, vendor approach and procurement method for the University's new core enterprise business systems. We will continue to improve Estates procurement protocols, systems and controls, working with the estates tendering review panel and capital and operation teams. Continue to improve HR procurement innovations, systems and controls, working with the HR transformation programme and information services flexible resource plans. Aim to increase the speed of procurement activity through proactive engagement with colleagues and use of professional knowledge of the process.

Improve electronic document management and workflow in eCommerce to create opportunities for increasing competition for contracts, as well as better purchase order to payment eProcurement end-to-end processes, including financial controls for traders and purchasing.

Consider research into the latest process improvements such as supplier managed e-catalogues, supplier (vendor appraisal and supply chain risk reports) relationship e-enablement, and the use of dynamic purchasing systems or eAuctions, appropriate to the market and community need. Core Systems strategy will consider the future requirements for procurement systems.

4.5 Payment Terms -

Comply with Late Payment legislation, adhere to our [Business Pledge](#) and manage and monitor finance control process to pay due invoices efficiently and pay suppliers according to terms. Seek to agree appropriate terms for firms who are sub-contracting, normally with 30 days of valid invoice.

Prepare for and implement eInvoices for statutory duty regarding 'all electronic' supplier communications by November 2019, within core systems strategies.

4.6 People and decision making -

We will take steps to ensure that we consult with our community, understand market opportunities, risks and objectively appraise the short and long term implications of our decision options.

We will manage our costs on a whole life basis and drive efficiencies in the delivery of our strategic plan activities, including through the use of fair competition and enabling suppliers' e-procurement and considering flexible resource strategies, where this is appropriate.

We will maintain comprehensive risk management, an internal audit and assurance framework and carefully manage procurement risks, particularly on regulated procurements.

We will ensure an ethical procurement approach. Our social, environmental and economic impact is considered in a proportionate manner. We will uphold equalities duties, avoid conflicts of interest.

The University is committed to contracting only with suppliers and contractors that comply with all appropriate and relevant legislation, including [Health and Safety legislation](#) and related policies.

The University recognises the values of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers. Please refer to the Business Pledge.

Where relevant or proportionate, the delegated authority will consider the fair work practices of suppliers in regulated procurements.

5. Priorities for Social Responsibility & Sustainability (SRS)

Priorities are led by the Social Responsibility & Sustainability Committee and SRS department.

Considerations of environmental, social and economic issues and how benefits can be delivered through procurements will be prioritised, in consultation with stakeholders, for a category strategy.

5.1 Sustainable Procurement Prioritisation

The University uses available shared tools such as Sustainable Procurement Prioritisation, Life Cycle Impact Mapping, Sustainability Test, assessment tool Flexible Framework, and is working towards the highest level (Level 5) wherever possible. Please refer to [Sustainable Procurement](#) for further information.

The University will also consider insisting on appropriate and proportionate contract conditions that provide assurances on fair and ethical supply chains, both contracting directly or via main contractors or with collaborators.

5.2 Modern Slavery

The University publishes a statement regarding the [Modern Slavery Act 2015](#) which sets out our approach to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our activities, as a fair trade university we adopt a range of related policies.

5.3 Good Food Policy

The [Good Food Policy](#) will be kept under review to deliver a relevant approach to regulated procurements involving the provision of food, and research in animal welfare will be kept under review by SRS Committee and catering team.

5.4 Zero Carbon Policy

The [Zero Carbon Policy](#) will be kept under review to make sure that the University's policies in waste, transport, procurement and food are aligned with this strategy.

5.5 Community Engagement

For every procurement over £4million, the delegated authority of the University will consider how the acquisition can improve the economic, social or environmental wellbeing of our area through inclusion of community benefit clauses, to assist with our strategic objective of [Community Engagement](#) and [Edinburgh local](#).

6. Risk Management

Procurement risks are managed by Court Delegated Authorities and on advice sought from procurement professional staff as early as possible in planning, in specification stages, in process and pre-award. Contract management risks will be shared. Procurement Risk Management Executives (PRiME) advise for each delegated authority and subsidiary companies, as required by Central Management Group. Service Excellence Programme will manage risks annotated with changes to operating model, processes and systems.

The University Risk Management Committee will oversee the approach and assurances needed.

7. Performance Management and Reporting

The University will produce an Annual Report which meets its statutory duty for reporting on regulated procurements and appropriate content on its plans for the future.

Procurement Risk Management Executives (PRIME) have a role to play for Court Delegated Authorities in reviewing the University's report on how well it was able to meet all key performance indicators, and plan/deliver improvements from the Procurement & Commercial Improvement Programme.

8. Key Performance Indicators for Procurement Action (KPIs)

Procurement Action key performance indicators, agreed in consultation, are to:

- **Achieve the highest possible rating** of F1 (over 70%) under the full Procurement & Commercial Improvement Programme, which is an independent assessment of procurement capability carried out every two years
- **Increase the value and volume** of competitive contracts regulated and registered by a 6% growth in expenditure which is influenced or spend-under-management, to 90%
- **Report efficiencies and value for money**
annual targets are £10M or 3% of procurement expenditure which can be influenced
- **Recruit, retain and develop** procurement skills in central and devolved teams including annual reviews, graduate trainees, career paths, modern apprenticeships as Investors in People
- **Adopt a Digital First** strategy with suppliers where possible, as part of core system

Other targets and measures used are:

- [Procurement & Commercial Improvement Programme](#),
- Procurement Competency Framework (Scottish Government models),
- Global standards and procurement Ethical Code for professional staff (annual assessment – Chartered Institute of Procurement and Supply models),
- Social Responsibility and Sustainability Flexible Framework.

Appendix – Statutory Duties

Strategic Fit	Provision 15, Clause 5(a)(i)	Statutory duty: The authority must set out how it intends to ensure that its regulated procurements will contribute to the carrying out of its functions and achievements of its purpose.
Transparency and Governing Principles	Provision 15, Clause 5(a)(iii)	Statutory duty: The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner.
Delivering Value For Money	Provision 15, Clause 5(a)(ii)	Statutory duty: The authority must set out how it intends to ensure that its regulated procurements will deliver value for money.
	Provision 15, Clause 5(d)	<p>Statutory duty: The authority must set out how it intends to ensure that, so far as is reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented:</p> <ul style="list-style-type: none"> - Payments due by the authority to a contractor. - Payments due by a contractor to a sub-contractor. - Payments due by a sub-contractor to a sub-contractor.
	Provision 15, Clause 5(b)(ii)	Statutory duty: Statement of the authority’s general policy on consulting and engaging with those affected by its procurements.
	Provision 15, Clause 5(b)(iv)	Statutory duty: Statement of the authority’s general policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act.
Priorities for Social Responsibility and Sustainability	Provision 15, Clause 5(a)(iii)	Statutory duty: Statement of the authority’s general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements.
	Provision 15, Clause 5(b)(i) and (v), 5(c)	<p>Statutory duty: The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with the sustainable procurement duty; and</p> <ul style="list-style-type: none"> - a statement of the authority’s general policy on the use of community benefit requirements: - a statement of the authority’s general policy on the procurement of fairly and ethically traded goods and services - a statement of the authority’s general policy on how it intends its approach to regulated procurements involving the provision of food to: <ul style="list-style-type: none"> - Improve the health, wellbeing and education of communities in the authority’s area - Promote the highest standards of animal welfare.

Performance Management and Reporting	Provision 18	<p>Statutory duty: This Annual Report, as a contracting authority, will include the key elements for reporting on regulated procurements which were completed during the year, namely:</p> <ul style="list-style-type: none">- a link to summary of regulated procurements completed- a review of how procurements complied with the authority's procurement strategy,- to the extent that any regulated procurements did not comply, a statement of how the University intends to ensure future regulated procurements comply,- a link to a summary regarding regulated procurements of:<ul style="list-style-type: none">(i) any community benefit requirements, imposed as part of a regulated procurement(ii) any steps taken to facilitate the involvement of supported businesses(iii) regulated procurements that the University expects to commence in the next two financial years, where known and the information is available to be made public at the time of producing the report.
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