University of Aberdeen
Procurement Strategy 2015-2020

Including
Procurement Improvement Plan and Report on 2013 - 2014

Introduction
This publication of the Procurement Strategy is to replace the previous version which ran for a five-year period from approval in January 2009. The main purpose of issuing this now is to obtain institutional agreement on the direction for procurement activity at the University for the coming five years, and to align the timing of this to the schedule for publication of the University of Aberdeen Strategy for the foreseeable future.

It is, however, intended that there will be a Procurement Report and Improvement Plan issued every January which will include analysis of transactional information and benchmark data from the previous financial year and also objectives for the year ahead.

Additionally, in order to introduce new actions and procedures which will flow from this Strategy into day-to-day procurement operations, a revised version of the Procurement Policy and Guide to Procedures will be written and published by March 2015. (Delayed for publication of updated Procurement Journey by Scottish Government).

This document combines both our strategy and report on activities so there are significant revisions to the previous Procurement Strategy format.

Part 1: Planning

1.1 Executive Summary;
1.2 Procurement Strategy from 2015 to 2020;
1.3 Procurement Improvement Plan (summary);

Part 2: Reporting

2.1 Overview;
2.2 University Procurement Annual Report for 2013 to 2014;
2.3 Procurement Data;
2.4 Contracting Authority Report (Scottish Government).

Appendix 1: Procurement Capability Assessment (Results from December 2014)

Appendix 2: Procurement Improvement Plan

This document contains the Annual Procurement Report for 2013 – 2014 as well as the new Procurement Strategy and so is a longer report than normal.

Once the Procurement Strategy for 2015 – 2020 has been approved, then the more detailed Procurement Policy and Guide to Procedures documents will be prepared and these will be the means of incorporating any new practices emerging from the Strategy into normal procurement procedures across the University.
University of Aberdeen

Procurement Strategy 2015-2020

Significant Change

There is one decision that will result in a significant revision to the Policy and Procedures document and that we should highlight here as it relates to a formal change in internal Finance and Procurement Regulations.

We propose to raise the lower level that formal tendering procedures will be required from £25,000 to £50,000.

- The £25,000 threshold was set in 2002, and there has been no adjustment to take account of inflation;
- £50,000 is a common public sector threshold for the requirement to test the market more formally, and is the value level established in the Scottish Government procurement process (the Procurement Journey);
- There are very good collaborative frameworks in place to supply equipment and services at the lower end of the cost scale, and we anticipate that most transactions up to £50,000 in value will be managed through these;
- Following implementation of the Procurement Reform (Scotland) Act in 2015 there will be more detailed administrative procedures involved in procurements of £50,000 and over, and these are to be called “Regulated Procurements”. A greater degree of planning, recording and consideration of wider issues (social, commercial, financial) will be involved, so there would seem sense in aligning the legislative requirements for a formal process to our internal regulatory thresholds;
- We already have two levels set for tender requirements (internal and EU procedural processes) and raising the lower internal regulation threshold from £25,000 to £50,000 removes the need to introduce a third procedural threshold to accommodate the new legislation.

Notes and references

The Scottish Government Procurement Journey has already been introduced as a standard procedure for University Contracts Officers, and will be rolled out to Lead Buyers in 2015.

Objectives relating to the Procurement section within the Universities Scotland Efficiencies Taskforce, Working Smarter 2014 document, have been incorporated in the Procurement Improvement Plan.

The Financial Regulations scheduled for Operating Board and Court approval (1st Quarter 2015) will also require changes to be made to the Procurement Procedures, so these will follow in March 2015.

The Procurement Strategy will include directional priorities set in the University of Aberdeen Strategy for 2015 – 2020. While broad intentions will be included following the first draft in March 2015, revisions will be incorporated once the final document is published (expected June 2015).

The Public Procurement Review Board Reform Agenda, Phase 3, 2015 has been used as a structure to present our forward strategy.
Part 1: Planning

1.1 Executive Summary;
1.2 Procurement Strategy from 2015 to 2020;
1.3 Procurement Improvement Plan (summary);
1.1 Executive Summary

In recent years direction for procurement activity has increasingly been influenced by a number of external drivers and initiatives. There are many groups across UK and Europe which have set themselves a remit to determine or have input to public and HE procurement objectives and practices, including European legislators, the Scottish Government, UK Government bodies, high-level academic groups, consortia and centres of expertise, environmental and labour-rights campaigners, student bodies and institutional leaders. Each initiative comes with its own priorities and objectives, but all contribute something to the dialogue on procurement development.

Common themes are immediately apparent; in order to pull the strands of these themes together so the strategy may be approached and implemented in a structured way, we propose to adopt a developmental framework used as the focus for procurement reform by the Public Procurement Review Board in their published Reform Agenda, Phase 3 Delivery Vision, 2015.

Consequently, our planned strategic development areas for 2015 to 2020 are below. Specific objectives and actions relating to these are contained in the following Development Objectives section.

- Sustainability
- Access
- Efficiency and collaboration
- Savings and benefits
- Capability

The broad objectives of central Procurement will remain as previously published. These are as follows:

Objectives of Procurement

1. To establish and maintain an effective, operational procurement structure and facilitate the management and recording of the University’s contractual agreements by nominated staff.

2. To source or deliver appropriate training for all staff involved in procurement.

3. To develop and maintain responsible and effective procurement strategies (such as those to promote sustainability, equal opportunities, use of small and medium enterprises etc.). Policy and procedural guidance on implementing the strategies are to be published.

4. To maximise the use of cost-efficient procurement systems and processes by leading their development and implementation and supporting initiatives led by others.

5. To optimise the University’s contractual position by:
   - Managing tender exercises to obtain best value for high cost, specialist or cross-functional requirements (or any other requirement on demand) by advising on contract strategy or managing the complete process.
   - Reviewing institutional non-staff costs to identify contract opportunities and improve value for money.

6. To contribute to national, sectorial and regional procurement initiatives.

7. To progress the development of, then report regularly on, Key Performance Indicators to benchmark institutional procurement activity and compare these to objective, relevant indicators.
1.2 Procurement Strategy 2015 to 2020

The following strategic areas will provide a framework for more specific procurement objectives for the period 2015 to 2020. We are proposing a similar approach to that used by the Public Procurement Review Board in the Public Procurement Reform Agenda, Phase 3 Delivery Vision, 2015; elements of the initiatives of other bodies will influence how we achieve these objectives, particularly in terms of sustainable actions, and the means of introducing changes to institutional practices will be addressed in a revised “Procurement Policy and Guide to Procedures” which will be published by the end of March 2015.

Strategic development areas for 2015 to 2020:

- Sustainability;
- Access;
- Efficiency and collaboration;
- Savings and benefits;
- Capability.

The objectives within these areas are detailed in the following pages. All of the Required Outcomes detailed in the Procurement Strategy that was issued in January 2009 were achieved. (Please see the Procurement Annual Report for 2013 to 2014 which follows in Part 2, note 2.2 Reporting, for details.)
DEVELOPMENT OBJECTIVES

Sustainability

The Scottish Government Flexible Framework Assessment Tool allows public sector institutions to benchmark their performance against well-established sustainable procurement criteria. This is a challenging programme which we expect will raise awareness and embed more sustainable practices in the University’s daily commercial work.

A plan to achieve Level 3 of the Flexible Framework within three years has been drafted. This plan will be put into final form and installed on areas of the University intranet related to Sustainability, as well as on the Procurement web-page. Activities for year one are planned to commence in January 2015, with achievement of Level 3 by December 2017. Progress against the framework elements will be reviewed and reported on in the Annual Procurement Report.

First review Jan 2016, complete by December 2017

Electronics Watch is an independent monitoring organisation working to achieve socially responsible public IT procurement in Europe. During tendering exercises guarantees of good labour practices will be sought from our IT suppliers, and claims validated by EW prior to contract award. We expect to become affiliate members and just await subscription and payment details. Affiliate membership to be confirmed in the first quarter of 2015, with use of service commencing then.

Affiliate and use by March 2015

Sustain is a sector-wide tool for assessing supply-chain sustainability, developed by APUC. The Universities of Aberdeen and Edinburgh have had Procurement staff and students involved in this development for over a year, and the system is being tested before being fully rolled out. Initially this will be used for the collaborative agreements placed by APUC, but we intend to use this tool for institutional tendering. (Due to third-party input, dates are targets at present.)

Commence using Sustain by June 2015

The Procurement Reform (Scotland) Act is expected to significantly raise the level of attention that will be given to sustainability, access to tender by small and medium size enterprises, and social benefit opportunities when considering procurement strategies for contracts in Scotland. This will involve all staff with a tender requirement for goods or services valued at £50,000 and above, and there are additional duties related to works contracts. We will obtain training and guidance so we may assist Schools and Sections to prepare for the legislative requirements.

Prepare for implementation by September 2015

Access

A standardised Pre-qualification Questionnaire has been developed by the Scottish Government. This should make it easier for suppliers to respond with standard data when applying to tender for any public procurement contract in Scotland. We will adopt this for our use. The Procurement Journey (a detailed procurement route for all tender exercises) is being installed in our tendering procedures now, and the standardised PQQ will be an essential element of this.

New procedures to be published by March 2015
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Electronic Invoicing is to be introduced as a project commencing with our top five suppliers (in terms of volumes of transactions) from March 2015. This will become a rolling programme of supplier adoption that will run for at least a year. This form of invoicing will significantly reduce the burden of manual invoices for both our suppliers and the University.

Commence project in March 2015, then ongoing

Sub-contractor payments have been highlighted in the draft Reform Act, and if or when this becomes law, there will be pressure for public bodies to include strict payment regimes in the terms of any contract that may be sub-contracted by a supplier. This, with e-invoicing, should lead to faster payments for public contracts and assist the financial situation for our suppliers.

Plan to implement by end 2015, subject to legislation

Efficiency and collaboration

System and process efficiencies and joint projects will continue to be pursued.

- We are starting the e-invoicing programme from March 2015;
- The Procurement Journey approach to tendering will be introduced to central Procurement in December 2014, and once thoroughly tested, will be rolled out to selected Lead Buyers during 2015;
- The Hunter contract tracking database has been installed in Procurement. This will improve the quality, collection and reporting of contract management information;
- Corporate Procurement Cards are to be the subject of a Business Improvement Project in 2015;
- Procurement shall continue to apply pressure to improve University staff take-up of collaborative framework contracts put in place by APUC (and other consortia). Using expenditure reviews we shall explore contract gaps with staff and promote contract opportunities;
- Wherever possible we shall try to lead or support joint procurements with other organisations, whether locally or nationally (such as the Data-centre and the OneSource collaboration with Strathclyde);
- Actions relating to the Procurement Improvement Plan will be followed through and the results will feature in the next Annual Procurement Report;
- Our reporting of financial information and other procurement MI will continue to be accurate and timely;
- We aim to achieve a proportion of 40% of our total procurement through collaborative means in the current financial year.

Various dates above

Savings and benefits

There is a push from central Procurement to significantly improve Contract and Supplier Management within the University, starting with the Procurement team. While we have detailed tender instructions for non-Procurement staff to follow, we do not have clear guidance for tender and contract managers. This will be dealt with by internal training and development of a procedural check-list; this will feature in the Procurement Journey that was introduced in December 2014, then, once trialled, the new practices will be taken to Lead Buyers across campus.

Complete implementation by December 2015

We shall continue to use standard savings and benefit reporting formulae established by the Scottish Government for the public sector (Scottish Publicly Funded Sectors: Procurement Benefits Reporting Guidance). It isn’t possible to set a target for savings, as this is dependent on the number and range of purchase requirements that emerge over the course of a financial year, something completely outwith the control of Procurement. However, based on the outcomes of previous years, we’d expect central Procurement to deliver institutional benefits in the region of £500,000 per annum.

Now included in this Report
Capability

Using the standard University of Aberdeen annual appraisal process, the training and development needs of Procurement staff will be assessed, and any relevant training needs will be addressed. Staff are strongly encouraged to complete their professional Institute exams (we presently have one trainee contract officer being sponsored to do this).

Complete by January 2015

We have obtained an online training programme, Introduction to HE Procurement, from the recently established Higher Education Procurement Academy (HEPA) which is part of the BUFDG (British Universities Finance Directors’ Group) organisation. This has primarily been brought in to improve understanding of procurement operations in HE for our recently recruited Procurement Assistant. The first module has been obtained as a pilot with the intention of gauging content and quality, with plans to obtain further modules from HEPA as appropriate.

Complete first stage by end of February 2015

The HEPA module, Introduction to HE Procurement, will be offered to the Universities’ Lead Buyers for the period of a year, and coaching will be provided by central Procurement.

Complete by December 2015

In advance of the introduction of new legislation in the form of the Scottish Government Procurement Reform Bill, contract staff from Procurement will attend appropriate workshops and training. Specific guidance and training is expected to be made available by the Scottish Government, Excel and APUC. We plan to obtain a good understanding of the requirements so we are able to brief University management, advise on preparations, deliver training and design guidance notes for wider University stakeholders. Lead Buyers will receive training tailored to their operations, and the intention is that any others who will be expected to assist with planning, monitoring and reporting on procurement exercises shall receive their training on a one-to-one basis.

Complete by November 2015
1.3 Procurement Improvement Plan (summary only)

This plan was developed following a pre-Procurement Capability Exercise conducted by Advanced Procurement for Universities and Colleges Ltd (APUC) staff in December 2014. The Procurement Capability Assessments (PCAs) provide an excellent tool for monitoring and recording institutional progress against public sector procurement standards and developments; effectively an audit, they take the form of a detailed and rigorous external review of institutional procurement performance, and capability is assessed against standard sectorial benchmark criteria which have been refined for HE/FE use by our Centre of Expertise, APUC.

There is a lot of technical content and the document may not be read and understood by everyone, however, as a number of actions relate to areas which fall within the responsibility of University Schools and Sections as well as central Procurement, this Improvement Plan is being submitted for approval by University Senior Management.

Subject to PCA timings (they have not been performed annually) future results and Improvement Plans will be incorporated in Annual Procurement Reports.

In terms of the Procurement Capability Assessment which took place at the beginning of December 2014 we found this challenging. This is not because our performance is deteriorating, but there has been a significant escalation of standards and evidence requirements over the past year, and over this time our primary focus and activities have been centred on introducing the new OneSource system. We can now turn to the important developmental work highlighted by the PCA.

Our overall assessment score in 2012 was 69; the trial PCA performed in April 2014 returned a provisional score of 57. The full report from December 2014 returned a result of 61.

The numbering and sequence of the sections detailed in this Improvement Plan are structured in accordance with the layout of the pre-PCA Report. The assessment sections are as follows:

1. Procurement Leadership and Governance: 80%
2. Procurement Strategy and Objectives: 60%
3. Defining the Supply Need: 61%
4. Procurement Commodity/Project Strategies and Collaborative Procurement: 58%
5. Contract and Supplier Management: 43%
6. Key Purchasing Processes and Systems: 67%
7. People, and 72%
8. Performance Measurement: 56%

The performance in each section is awarded a score from a basic 0, to an advanced 3, and the final score awarded is simply an average of the sums of all of the section points.

Within each section of the Improvement Plan there are details of the work we must do in the coming year in order to lift our levels of procurement performance; the objectives that we've set are demanding but realistically achievable, and this work has already started.

Outcome of trial Procurement Capability Assessment (December 2014)

The display overleaf illustrates the areas where there is additional work required to raise procurement performance standards at the University of Aberdeen.
## Procurement Capability Assessment

<table>
<thead>
<tr>
<th>Sections</th>
<th>2014 Trial</th>
<th>2014 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1 - PROCUREMENT LEADERSHIP &amp; GOVERNANCE</td>
<td>73%</td>
<td>80%</td>
</tr>
<tr>
<td>Section 2 - PROCUREMENT STRATEGIES AND OBJECTIVES</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Section 3 - DEFINING THE SUPPLY NEED</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>Section 4 - PROCUREMENT COMMODITY/PROJECT STRATEGIES &amp; COLLABORATIVE PROCUREMENT</td>
<td>50%</td>
<td>48%</td>
</tr>
<tr>
<td>Section 5 - CONTRACT AND SUPPLIER MANAGEMENT</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Section 6 - KEY PURCHASING PROCESSES AND SYSTEMS</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Section 7 - PEOPLE</td>
<td>78%</td>
<td>72%</td>
</tr>
<tr>
<td>Section 8 - PERFORMANCE MEASUREMENT</td>
<td>56%</td>
<td>56%</td>
</tr>
</tbody>
</table>

### Overall Procurement Status for the Organisation

- **Non Conformance**
- **Conformance**
- **Improved Performance**
- **Superior Performance**

- **9**

This is a new element we are introducing to the Procurement Report and is inserted as a “bookmark” for where future detailed reports on “Regulated Contracts” will feature in annual Procurement Reports once the Scottish Procurement Reform Bill becomes law (expected by the end of 2015).

We anticipate a requirement for detailed institutional reports, which, with a proposed transaction threshold for purchases of £50,000, will need input from all Sections and Schools with this level of expenditure across the University from the end of 2015 following implementation of the Procurement Reform (Scotland) Act 2014.

### Procurement Reform (Scotland) Act 2014

The specific transactional areas that will be subject to the new legislation will be:

- Works (construction, repair and maintenance) procurements of £2M and above;
- Major contracts of £4M and above, AND
- All other procurements of goods and services of £50,000 and above.

Amongst other duties the legislation will include requirements to:

- Produce procurement strategies/plans for the transactions within scope for the coming year;
- Report on the outcomes of the previous year’s tenders, and the degree to which the University managed to meet the expected new duties relating to sustainability; improvement of economic, social and environmental wellbeing of our area; involvement of SMEs, third sector bodies and supported businesses; regulated payments to first, second and third-tier suppliers, and community benefit requirements for procurements of £4M and above.
Part 2: Reporting

2.1 Overview;

2.2 University Procurement Annual Report for 2013 to 2014;

2.3 Procurement Data;

2.4 Contracting Authority Report (Scottish Government).
2.1 Overview

Successful Year

This has been a very challenging and successful period for Procurement with involvement in a number of high-profile tender exercises; we’ve managed the selection process for a replacement e-marketplace provider and had considerable input to the purchase and implementation of the OneSource finance and procurement modules. The introduction of a new corporate travel firm with considerable HE experience in February 2014 has been a considerable success and uptake has been very satisfactory with almost £1M expenditure. This is on top of the routine work of managing the high value or high risk tender exercises that are a necessary part of the commercial work of the University.

Contract Activity

The contracting team of three is presently dealing with tenders related to over sixty contracts, and, with the tenders which normally follow construction and refurbishment work (non-main contractor supplies such as specialist equipment, furniture, soft furnishings, audio-visual supplies and services etc.), with the current construction and refurbishment programme we expect this level of activity to continue for some time.

Internal Cooperation

Over the last six months we have been working more closely with the Estates Section on works projects, and expect that this will deliver savings in external service costs. Given the increasing complexity of tender procedures, a paucity of specialist procurement knowledge, and the need to plan for forthcoming Scottish legislative changes, there would appear to be some merit in having dedicated Procurement resource in our higher spending sections.

Challenges

With the activities related to preparation for the OneSource system, some staff changes and other resource difficulties, our attention has been focused on getting out the time-critical contracts for supplies and services, and consequently our development work has suffered to a degree. While we continue to deliver a good service to the institution, and in some ways we’ve had an exceptional year, procurement work is becoming more demanding in terms of planning formalities, active contract management and reporting requirements.

Procurement Improvement Plan

We have developed a Procurement Improvement Plan which concentrates on addressing the areas which need more work, and we expect to improve some of the technical aspects of the procurement service to the University. Initial focus will be on areas of Procurement Strategy and Objectives; and Contract and Supplier Management. The success of this is contingent on our resource capability and capacity.
2.2 Procurement Annual Report for 2013 to 2014

Outcomes from the previous Strategy

The Procurement section within Finance has delivered all of the Required Outcomes detailed in the Procurement Strategy of 2009.

- A network of Lead Buyers has been established across the University. They do not work for Procurement, and purchasing isn't their full-time job, but they have been identified by their management as the staff with the skills and experience to lead purchasing work within their areas. All have received procurement training appropriate to the requirements of their posts, and a number are independently running tender exercises up to £100,000;
- A set of strategies, check-list tests and guidance notes relating to sustainability and a whole-life approach to purchasing have been circulated and loaded onto the Procurement area of the intranet;
- We continue to pursue more advanced, intelligent procurement systems (see Systems below);
- Our work with staff within Schools and Sections has improved the quality of procurement services across the University and this has delivered better quality commercial agreements;
- We fully participate in the information gathering and reporting routines which have now become established in the Scottish public sector; this allows monitoring of BPI achievements and data comparisons against sectorial bench-marks, and has the further benefit of producing an approximate figure for carbon use related to the full range of University procurement activity;
- In terms of the Procurement Capability Assessment, we achieved the “Improved” level a number of years ago; with existing resource it is unlikely that we’ll progress to the “Superior” category in the short term.

Systems

A number of new systems and procedures which will significantly improve our work in the future have either been established or are in development.

- OneSource (Agresso/Parabilis): The integration of the finance and market-place systems, and the implementation of the OneSource solution, have already delivered system benefits; the capture of data and ability to use MI will be developed over the coming months.

- Hunter: The contract tracking and reporting database was installed on 28 November 2014. Effectively an extremely clever contracts portal which operates at an institutional, sectorial and national level, and we are currently updating this with past and present tender information.

- Procurement Journey: This is a clearly defined procedural route linked to software for all tendering within the public sector in Scotland, developed by the Scottish Government, and which we are obliged to introduce. We have begun a phased introduction and will roll this out to Lead Buyers during 2015.

To come/in preparation:

- PCS-T: This is the “Public Contracts Scotland – Tender” process for managing tender notices and documents electronically. This is relatively new and could do with more development (clunky and user-unfriendly at present). Use of this is deferred until the procedure has become more refined.
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- **Sustain**: This is a sector-wide tool for assessing supply-chain sustainability which was developed by APUC with input from HE procurement staff and students, particularly involving those from Aberdeen and Edinburgh Universities. Presently being tested at APUC.

- **Electronic Invoicing**: Preparations have begun for a March 2015 commencement; this project will initially involve the five most transactionally-busy University suppliers, then we’ll slowly progress to others as more firms are recruited;

- **Corporate Procurement Cards**: The implementation of CPCs has failed before, but this is now being proposed as an institutional Business Improvement initiative with a programme which commenced in Jan 2015;

- **Electronics Watch**: Is an independent monitoring organisation working to achieve socially responsible public IT procurement in Europe. We expect to become affiliate members and are in the process of obtaining supplier information to establish Electronics Watch on the OneSource database.

2.3 **Procurement Data**

**Savings and Collaborative Expenditure**

In UK public sector procurement, staff are drawn into tensions between conflicting objectives: we are required to obtain best value for our organisations when sustainability, equality and diversity, social inclusion, whole life costing etc are included in our considerations, yet the focus on outcomes always seems to be on savings achieved.

We do not yet have a full set of figures relating to collaborative expenditure and benefits calculations for the immediate past financial year. The estimated savings figure achieved on expenditure of £2.2M by University Procurement in 2013 to 2014 is £442k, demonstrating a saving of 20%.

In the financial year 2013 to 2014, our outturn figures were as follows:

Savings achieved by University Procurement involvement: £441,570

Savings achieved by APUC managed agreements: £903,016

The last reported collaborative procurement figure for 2012 - 2013 (awards expressed as a proportion of total in-scope expenditure within the financial year) 54%

(The savings figures were calculated using the Procurement Benefits Reporting Guidance issued in 2012 by the Scottish Government.)

This was an exceptional year and the above-average percentage for collaborative procurement, probably the highest in UK public procurement, is unlikely to be sustainable going forward. The University was involved in two major, collaborative projects in this period; the establishment of a shared datacentre and purchase of a new institutional software management system resulting in the very high collaborative figure above.
Savings and Collaborative Expenditure (continued)

In Scotland, the Higher Education sector (Universities Scotland Efficiencies Taskforce) has set an ambitious target for 40% of expenditure in 2014-15 to be through collaborative transactions (ie local shared contracts, consortium or wider public sector framework arrangements).

Contract Notices

There were 73 contract notices publicly advertised. The following is a breakdown of the Contract Notices published on the public sector contracts portal, Public Contracts Scotland (PCS).

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Procurement Savings</th>
<th>APUC Agmnt Savings</th>
<th>Collab %</th>
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<tbody>
<tr>
<td>2009-10</td>
<td>£976,804</td>
<td></td>
<td></td>
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<tr>
<td>2010-11</td>
<td>£604,019</td>
<td>£640,350</td>
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<td>2011-12</td>
<td>£570,186</td>
<td>£718,614</td>
<td>25%</td>
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<td>2012-13</td>
<td>£2.9M</td>
<td>£1.01M</td>
<td>54%</td>
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<tr>
<td>2013-14</td>
<td>£441,570</td>
<td>£903,016</td>
<td>(Not yet reported)</td>
</tr>
</tbody>
</table>

Notes:

- There has been a considerable movement in the notice publication figures in recent years, with a significant reduction in the number of OJEU notices published, balanced by an increase in the non-OJEU and Quick Quotes notices published by Procurement staff. This is a direct result of the success of the re-configured collaborative procurement team at APUC which continues to establish high-quality and user-friendly framework agreements for universities and colleges in Scotland.
- The University Procurement team is currently working on tender exercises which are expected to produce approximately 60 contracts for clients across the University.
- There are 152 collaborative contracts available for the University to use. While a number aren't relevant to us (they relate to frame agreements for colleges or we have other arrangements in place) we presently only use 72 (2012-13). We must increase our use of these excellent contracts to achieve savings and reduce poor management and use of resource. We expect to do so by reviewing areas of high expenditure with the support of senior University management.
- Contract provision will be reviewed in detail with the University’s Professional Services and College managers when the expenditure review is being conducted.
Procurement Data

The following set of figures were extracted from analysis of the University of Aberdeen transaction figures for 2013/2014 by an agency, Spikes Cavell Observatory, which manages the data on behalf of the Scottish Government.

- Total value of transactions reported: £74M (revenue and capital)
- Active suppliers in this period: 3,259
- Number of transactions: 53,526
- Number of lines: 100,000 (approx.)
- % of expenditure with SMEs 40.51%

Expenditure by region

- Aberdeen and North East Scotland: 26.18%
- Edinburgh and Lothians: 4.61%
- Glasgow and Strathclyde: 21.84%
- Rest of UK: 27.09%
- Rest of World: 20.28%

Transaction Value Spread

1. Number of transactions over £250,000: 36 (approx. 28% of total transaction value)
2. Number of transactions of less than £51: 11,645 (less than 1% of total transaction value)
3. Number of transactions of less than £20: 3,953

The considerable number of orders and invoices that have to be processed for the low-value transactions detailed in 2 and 3 above, clearly underlines the need for the introduction of corporate procurement cards to reduce the proportionately high costs of managing this low-risk, non-strategic expenditure.
Overview of Expenditure  FY 2013 – 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure</th>
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<tbody>
<tr>
<td>Agriculture, Fishery, Forestry</td>
<td>£478k</td>
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<tr>
<td>Audio Visual</td>
<td>£1.7M</td>
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<tr>
<td>Catering</td>
<td>£2M</td>
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<tr>
<td>Computing</td>
<td>£5.7M</td>
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<td>Furniture, Furnishings</td>
<td>£507k</td>
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<td>Hotel and Janitorial Services</td>
<td>£472k</td>
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<td>Laboratory Equip and Supplies</td>
<td>£9.6M</td>
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<td>Library</td>
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<td>Maintenance and Workshop</td>
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<td>Professional Services</td>
<td>£13.3M</td>
</tr>
<tr>
<td>Safety and Security</td>
<td>£535k</td>
</tr>
<tr>
<td>Stationery and Office Supplies</td>
<td>£848k</td>
</tr>
<tr>
<td>Travel and Transport</td>
<td>£2M</td>
</tr>
<tr>
<td>Vehicles</td>
<td>£225k</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£44.12M</strong></td>
</tr>
</tbody>
</table>

Notes:

1. Although annual expenditure on Goods and Services (Other Operating Expenditure in the Annual Report) is reported at £77.3M, this includes research payments to other institutions, rent and rates, abatements etc. What is reported above is data relating to purchase ledger transactions, sorted by category of expenditure.
2. “Miscellaneous” expenditure of £59M has been excluded from this, as payments to HMRC, internal transfers and pension and personal payments are all detailed within this category.
3. The source information for the commodity spend is basic and dependent on a correct category code being allocated at supplier set-up.

(The datum above has been extracted from the standard report on expenditure run from the “old” finance system.)
2.4 Contracting Authority Procurement Report (Scottish Government)

This is a new element being introduced to the Procurement Report. While the following activities are presently in the form of a list of capital projects detailing expenditure planned for the Financial Year 2014 to 2015, we anticipate a requirement for a much more detailed report from next year as a result of the Procurement Reform (Scotland) Act 2014, which is expected to become law at the end of 2015.

**Procurement Reform (Scotland) Act 2014**

The specific transactional areas that will be subject to the new legislation will be:

- Works (construction, repair and maintenance) procurements of £2M and above;
- Major contracts of £4M and above, AND
- All other procurements of goods and services of £50,000 and above.

Amongst other duties the legislation will include requirements to:

- Produce procurement strategies/plans for these transactions for the coming year;
- Report on the outcome of the previous year’s tenders, and the degree to which the University managed to meet expected new duties relating to sustainability; improvement of economic, social and environmental wellbeing of our area; involvement of SMEs, third sector bodies and supported businesses; regulated payments to first, second and third-tier suppliers, and community benefit requirements for procurements of £4M and above.

**List of Planned Project Expenditure for the period 2014 to 2015**

<table>
<thead>
<tr>
<th>Project</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rowett/RINH Building</td>
<td>£10M</td>
</tr>
<tr>
<td>Nursery Building</td>
<td>£113k</td>
</tr>
<tr>
<td>OneSource-related expenditure</td>
<td>£1.6M</td>
</tr>
<tr>
<td>Res Equipment Fund</td>
<td>£500k</td>
</tr>
<tr>
<td>Suttie Centre IT equipment</td>
<td>£83k</td>
</tr>
<tr>
<td>Estates – Halls Refurbishment</td>
<td>£9.4M</td>
</tr>
<tr>
<td>Science Building</td>
<td>£1.5M</td>
</tr>
<tr>
<td>Students’ Association Building</td>
<td>£4M</td>
</tr>
<tr>
<td>CASS/Central Teaching Facilities</td>
<td>£1.6M</td>
</tr>
<tr>
<td>Refurbishments</td>
<td>£400k</td>
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</tbody>
</table>
2014 Procurement Capability Exercise:
Scores entered from APUC report sheet

<table>
<thead>
<tr>
<th>Section</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Leadership &amp; Governance</td>
<td>80%</td>
</tr>
<tr>
<td>Procurement Strategy &amp; Objectives</td>
<td>60%</td>
</tr>
<tr>
<td>Defining The Supply Need</td>
<td>61%</td>
</tr>
<tr>
<td>Procurement Commodity / Project Strategies &amp; Collaborative Procurement</td>
<td>58%</td>
</tr>
<tr>
<td>Contract &amp; Supplier Management</td>
<td>43%</td>
</tr>
<tr>
<td>Key Purchasing Processes &amp; Systems</td>
<td>67%</td>
</tr>
<tr>
<td>People</td>
<td>72%</td>
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<tr>
<td>Performance Measurement</td>
<td>56%</td>
</tr>
<tr>
<td>Overall</td>
<td>61%</td>
</tr>
</tbody>
</table>
Procurement Improvement Plan

This plan was developed following a pre-Procurement Capability Exercise conducted by Advanced Procurement for Universities and Colleges Ltd (APUC) staff in April 2014, and the actions taken by Procurement following this led to an improvement in our overall score. The Procurement Capability Assessments (PCAs) provide an excellent tool for monitoring and recording institutional progress against public sector procurement standards and developments; effectively audits, they take the form of a detailed and rigorous external review of institutional procurement performance, and capability is assessed against standard sectorial benchmark criteria which have been refined for HE/FE use by our Centre of Expertise, APUC.

There is a lot of technical content and the document may not be read and easily understood by everyone, however, as a number of actions relate to areas which fall within the responsibility of University Schools and Sections as well as central Procurement, this Improvement Plan is being submitted for approval by University Senior Management.

Subject to PCA timings (they are not performed annually) future results and Improvement Plans will be incorporated in the Annual Procurement Report.

In terms of the Procurement Capability Assessment which took place in December 2014, we did not expect a very favourable result. This is not because our performance is deteriorating, but there has been a significant escalation of standards and evidence requirements over the past year. Our overall assessment score in 2012 was 69; the trial PCA performed in April 2014 returned a provisional score of 58. There was a full Assessment exercise conducted in December 2014, and a report was received in January 2015; our award was 61%.

This Improvement Plan addresses the areas against benchmarks in which further action needs to be taken to improve our overall procurement performance in line with expectations and developments elsewhere in the public sector.

The numbering and sequence of the sections detailed in the Plan are structured in accordance with the layout of the pre-PCA Report. The assessment sections are as follows:

1. Procurement Leadership and Governance;
2. Procurement Strategy and Objectives;
3. Defining the Supply Need;
4. Procurement Commodity/Project Strategies and Collaborative Procurement;
5. Contract and Supplier Management;
6. Key Purchasing Processes and Systems;
7. People, and

The performance in each section is awarded a score from a basic 0 to an advanced 3, and the final score awarded is simply an average of all of the section points.
1. Procurement Leadership and Governance

1.1 Does the organisation provide clear leadership of the procurement activity?

ACTION: We shall provide organisation charts, reports and job description for Head of Procurement.

It is not presently possible to attain level 3 as we require to demonstrate that “Procurement Leader is responsible and accountable for all procurement activity and provides regular management reports to the “Board”. The Head of Procurement is considered a part of a senior “peer group” with other business functions; sits on appropriate key steering groups, project boards etc.”

We need to develop regular (possibly quarterly) reports as part of the Monthly Management Report routine for the SMG. Head of Procurement meets with the Finance Management Team fortnightly; with evidence, this might be sufficient to attain Level 3 (in 2015/16).

1.2 Is the procurement function responsible for the effectiveness and quality of sourcing activity across the organisation?

ACTION: We have to produce evidence from a contract database or register that only a small proportion (<20% in terms of locally controlled expenditure) of sourcing, research and specification is conducted without Procurement input. We are waiting (need APUC input) until we are able to obtain the proportional analysis needed from the Hunter contracts database.

Level 3 requires “All research and specification for high value or high risk procurement have strong Procurement input”. Although procurement over the value of £100k MUST involve Procurement in the Finance and Procurement Regulations, this isn’t consistently applied. (Examples given are land deals, decisions on capital projects, contracting services out or in.)

1.3 Does the procurement function effectively manage relationships with internal stakeholders?

ACTION: We will produce evidence of pre-contract planning with clients for all of our term contracts, for travel, for the lift/elevator agreement, for ongoing works projects.

We need to document contract expiry dates and diarise and formalise pre-tender strategy meetings with clients. This communication process is to be written into Procurement’s standard approach to tendering.

Level 3 requires: “Partnership approach focusing on joint development of business cases and strategy.” Procurement’s involvement here normally follows this stage.
Procurement Improvement Plan

1.4 How clear is the process of delegation and authority for procurement?

ACTION: Our requirements for separation of duties and authority levels are embedded into both our finance and procurement systems to ensure compliance and appropriate authority for transactions. (Level 3)

1.5 Does internal audit provide assurance that the organisation’s internal control systems for procurement are adequate and effective?

ACTION: Provide examples of recent audit reports. (Level 3)

2. Procurement Strategy and Objectives

2.1 How developed is the organisation’s Procurement Strategy?

ACTION:
- We need to contextualise the Procurement Strategy and make clear references to the influencers and drivers that determine the content and the development activity.
- It is important to include our objectives and involvement in sustainable initiatives.
- Procurement team objectives from the Improvement Plan are to be included in the objective setting and appraisal process.
- The Improvement Plan is to be reviewed and actions recorded as an important element of the annual Procurement Report.

If these actions are thoroughly followed through then a Level 3 should be achievable from the next PCA.

2.2 Is there a clear process for procurement involvement in strategic reviews of service provision? These reviews would normally consider options such as outsourcing, insourcing, shared services etc.

Procurement is presently involved on a reactive basis in strategic reviews eg at the end of the process. Level 1.

ACTION: If we are to attain Level 2, a “clear approach (evidenced by reference to policy or guidelines) for reviewing services is in place that ensures procurement is involved at an early (strategic) stage.”

2.3 How well is the Procurement Strategy supported by senior management within the organisation?

ACTION: We firmly believe that all of the University’s senior management fully support the implementation of the Strategy. Propose to evidence this with agendas of the Court meeting, University Management Group, Directors’ Group.
Procurement Improvement Plan

2.4 Has the procurement function developed and acted on an improvement plan for the organisation?

ACTION: The Improvement Plan is to be abbreviated with prominence given to the action points, and this report is to be proposed for the agenda of the Directors’ Group/Senior Management Team (in the absence of a Procurement Board) Meeting. This will ensure that the cross-University actions receive endorsement at the appropriate level, and that they are suitably resourced.

Once there is evidence that objectives are being achieved, then a Level 3 should follow.

2.5 What level of external collaboration exists to identify and adopt good procurement practice?

ACTION: Pull together information relating to collaboration with others (Centre of Expertise or SPCD or non-public sector bodies) to develop best practice i.e. not related to deal-making, in order to establish Level 2.

3 Defining the Supply Need

3.1 Are specifications for the procurement of goods and services designed to maximise value for the organisation and its customers (eg output spec, technology roadmaps, legislation, whole life costing)?

ACTION: Produce examples of three good contract specifications which show development based on market research and in line with Procurement Journey – NB our equivalent – and based on whole-life costing. Also highlight training to embed these in normal daily procurement routines.

Level 3 requires supplier awareness days, open meetings; also contracts showing future-proofing for commercial and legislative changes, and value for money review. Not presently achievable with current resources.

3.2 How early and to what extent is the procurement function involved with internal customer teams in the design and development of commodity strategies and the rationalisation of goods, works and services based on reliable and robust internal information?

ACTION: Case studies which demonstrate Procurement involvement (Marketing and Branding and Market Research for Korea and Sri Lanka?) to achieve Level 2. (Level 3 requires “engagement at all levels with all internal customer teams on their business plans and strategies.”)
3.3 To what extent are the development and management of commodity strategies and the rationalisation of goods, works and services based on reliable and robust internal information?

ACTION: 2 or 3 case study examples needed (PCs, paper, travel).

3.4 Is there effective demand management early in the procurement process?

ACTION: Continue good work to review management of demand. Feel this is primarily in place for stores management. As well as producing information on changes introduced following a stationery review which resulted in sustainable promotions and Minimum Order Value initially for stationery and now for all orders, consult stores on practices relating to stock levels in dealing with seasonal demands.

3.5 To what extent, and how, is detailed and rigorous supply market analysis used to drive strategy development eg understanding whole-life cost, bench-marking price, quality etc.?

ACTION: We’ll have difficulty achieving Level 2. While we do some market research to inform our tender strategies, this is not done regularly or formally recorded, and Level 1 is more appropriate. In order to evidence this we need examples of supply market reviews and analysis of expenditure data (Proteomics Mass Spec, Market Research projects).

For some time we’ve been limited in our ability to develop this element, and this is partly a result of the changing market in HE, and the nature of the Cat C contracts we are involved in. APUC is very successful at filling contract gaps, and our main tender activities are now running mini-tenders within frame agreements, and tendering for single supply medical research equipment and Works contracts.

3.6 Are mechanisms in place to encourage new suppliers and ensure openness and transparency?

ACTIONS: We have plenty of evidence that all of our contracts are advertised on the OJEU Supplement, Public Contracts Scotland, Quick Quotes in accordance with our published Procedures and Lead Buyer Training to attain Level 2.

We have to produce evidence of: Suppliers’ Guide, Suppliers’ Charter, the Supplier Journey (NB our equivalent, the Policy and Procedural Guide). An early decision was made NOT to install a Facilities Management contract, and the decision to bring in multiple term contracts was partly influenced by a responsibility to small trade suppliers and development of employment opportunities.

For the future, need to provide links into Public Procurement Reform Programme. In order to progress we need evidence that we “continuously seek to increase opportunities for SMEs”.

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Procurement Improvement Plan

4. Procurement Commodity/Project Strategies and Collaborative Procurement

4.1 Are commodity strategies and business cases for Cat C contracts and Cat A and B mini-competitions developed in line with good practice in the Procurement Journey?

ACTIONS: We presently use the University of Aberdeen Procurement Policy and Guide to Procedures. These were designed to be appropriate to the organisation and operation of procurement activity at this Uni, and pre-dates publication of the Procurement Journey. We have designed a new user guide for lower value purchases (Procurement Journey, Low Value Orders) which will be used across the institution (following publication of the new Procurement Strategy in January 2015).

Evidence that we support and assist Lead Buyers to develop tender strategies will need to be produced (halls refurbishments, term contracts, ITS requirements etc).

The PJ is unnecessarily complex for part-time buyers, however, we consider it appropriate that an adaptation of the Procurement Journey will be gradually introduced to the University. The central Procurement team will commence using this in Dec 14, and once we gain some familiarity with it and confidence in its use, Lead Buyers will receive training (during 2015) so most tenders across the organisation will be managed in accordance with the Procurement Journey.

A low-value Procurement Journey has been developed to provide a basic guide to purchasing for part-time buyers. As this incorporates new financial authorities, it will be released when the new Financial Regulations are approved and published (Feb 2015 anticipated).

4.2 To what extent is the (Cat C or mini-competitions on Cat A or B) requirement developed as part of a cross-functional team (eg a UIG type activity) when demand crosses departmental boundaries?

ACTIONS: Central Procurement is involved in ALL contracts with a value of £100k or over, and over the last few years an increasing number of tenders from £15k up to £100k. We are required to display evidence that we have input to cross-functional involvement in over 60% of eligible contracts.

(Analysis of contract MI will be made with APUC assistance in January 2015.)

For the future, we must record all of our involvement in a register; we presently assist with a number of procurements but do so informally for convenience and speed.

4.3 How much of the overall spend (Cat A, B and C) is covered by signed-off commodity/project strategies? All strategies should include forecast savings and/or benefits.

ACTIONS: Hunter is newly installed. It was not possible to complete a manual exercise before the 2014 PCA, so data will be held for next assessment. (See above.)
4.4 How does the organisation take account of sustainability in its procurement activity? This includes Community Benefit Clauses and capacity building for SMEs (including third sector).

ACTIONS:

• Use Spikes Cavell analysis as a starting point for SME involvement.
• We have now attached organisational size to all supplier records held, and require this for all new suppliers so that usage can be monitored as required at the University, as well as post YE usage Spikes Cavell information.
• Have new provisions in terms of procedures and resource within Sections and Colleges in place for increased use of SMEs and Community Benefit ready for the statutory instrument Procurement Reform Bill in 2015. All Directors have received briefing notes, and detailed preparations will commence with training (of Procurement) in Feb/March 2015.
• It is necessary to reinforce the sustainable approach that should be used in purchasing goods and services, as this is often not considered a priority.
• Explore membership of Electronics Watch for IT products with IT Services staff; if justified, obtain approval and funds to gain affiliate membership.
• Continue training Lead Buyers with an emphasis on the Sustainable Approach.
• Our target will continue to be to have sustainability considered a primary element in every tender project (from February, formal tenders will be required for all goods and services of £50k and over), and to have this approach adopted for all purchases by reinforcing the importance of a sustainable approach in the next version of the Procurement Policy and Procedures (March 2015).

Evidence needed:

• The Procurement guidance on the intranet has a Sustainable Approach and a Sustainability Test for all procurements over £25k (at the moment). The whole-life costing methodology in the University Guidance notes for tenderers incorporates a sustainable approach. The standard PQQ template used for all of our tender exercises requests suppliers to provide their sustainability credentials.
• Head of Procurement is a member of the Sustainable Procurement Steering Group, the Advisory Group on Sustainability and Social Responsibility, and a recognised Sustainable Champion within the University, a member of and an early participant in the APUC Sustain project;
• These groups engage with students and staff to drive institutional change in terms of a sustainable approach, and have been involved in implementing a sustainable Food Policy; introduced inter-campus transport for staff and students; monitors Estates and Infrastructure plans (in terms of carbon management; waste management; IT projects).
• The University has received a number of awards for works projects, notably the shared data centre, as well as other BREEAM certified new constructions. Procurement has been involved in all of these projects, and has been involved in the planning and procurement strategy for the “Passive House” nursery construction project.
• We are a Fairtrade University.
• The carbon estimates related to procurement which are provided by APUC are reported to the AGSSR as well as the Utilities Manager (responsible for carbon reporting).
4.5 How does the organisation monitor its progress towards demonstrating sustainable procurement practices and processes?

ACTIONS: Procurement has drafted an action plan to achieve Level 3 of the Flexible Framework within three years. The draft has been copied to the Director of Finance (Convenor of the AGSSR) and the Policy Officer with responsibility for sustainability and social responsibility for information. From this draft firm actions will be developed and individuals allocated responsibility for completion (and these will be featured as Appraisal objectives). Activity will commence Jan 2015.

4.6 How does the organisation manage and mitigate risk during the sourcing process?

ACTIONS: Level 1 is appropriate here. We do not operate a Procurement Risk Register and with current resources have no plans at present to introduce this extra level of bureaucracy.

4.7 How are suppliers selected within the organisation?

ACTIONS: Full procedures are on the intranet and all Lead Buyers are trained in their use.
- Procurement is involved, and usually manages tender exercises for all purchases over £100k.
- There are published procedures for all tenders below £100k, and, in addition, there is guidance on the number of quotes and tenders that are required at various financial thresholds.
- New supplier forms contain a number of questions relating to collaborative solutions, evidence of best value, declaration of interest, and supplier validation.
- All new supplier forms are reviewed by Procurement.
- All purchases from new suppliers worth over £5k in a year have to be supported by a Bid Summary reviewed by Procurement before the supplier can be loaded on to the database.
- All revisions to supplier details are validated by Procurement.
- We shall adopt the new standardised Pre-qualification Questionnaire promoted by the Scottish Procurement and Commercial Directorate by March 2015.

4.8 Do post-procurement reviews take place to identify lessons learned from the process and to determine whether planned benefits and Value for Money was achieved?

ACTIONS: This post award review activity is one element in a list of those that will become standard duties for a tender manager. The list of actions will be linked to the Procurement Journey, discussed, final form agreed, then training will be personally delivered to the central Contract Officers, and the list of duties will be circulated to our Lead Buyers. By end of Jan 2015.

Examples of post award reviews to be available to achieve Level 1 in Dec 2014. Internal Audit: lessons learned were recently used to develop the tender strategy for External Audit. This is not a process that is consistently applied.
4.9 How is the organisation working with centres of expertise on collaborative procurement?

ACTIONS: Procurement maintains contact with other public sector bodies in the area, and within the sector, and regularly discuss joint collaborative targets. This will continue, although more effort is needed to formally record our actions, and we are currently exploring the lift maintenance service provision, with the Uni taking the lead in this region.

Other recent successes are the Internal Audit mini-tender with RGU, Data Centre project – shared with RGU and North East of Scotland College, and OneSource, our University "brand" name for the joint tender with Strathclyde University for an ERP system. Aberdeen Uni Procurement took the lead in all of these.

NEED TO collect evidence of planning these projects.

4.10 Is the organisation working with centres of expertise on collaborative procurement?

ACTIONS: In order to demonstrate that we are at Level 2, we have to be able to illustrate with data extracted from a contracts database that we participate in "more than 75% of applicable APUC contracts"… Hunter software was installed on 27 Nov 2014, and with APUC assistance MI will be obtained in Jan 2015. We actively participate in UIGs and other collaborative exercises and this will continue.

4.11 Which evaluation criteria are used during local procurement exercises?

ACTIONS: Our procedures require use of a template Pre-qualification Questionnaire that defaults-in supplier sustainability qualifications, so users have to remove these if they are not applicable.

In addition, central Procurement ensure that whole-life costing approach is adopted for the development of every specification for tenders above £100k, and this features in the guidance notes as the standard approach for tenders between £25k and £100k.

Have to collect evidence of sustainability criteria used in tenders.

4.12 Does the organisation place business with supported businesses through Cat A, B or C contracts?

ACTIONS: The University already uses a supported business for one area of supply, refurbishment of accommodation at Hillhead, and this has resulted in more than one award to the firm. In future, we will more actively promote use of supported businesses (by Contracts Officers and Lead Buyers) WHERE APPROPRIATE and will send out a targeted guidance note on this subject.
Procurement Improvement Plan

5 Contract and Supplier Management

5.1 How does the organisation ensure that Cat A, B and C contracts are being used?

ACTIONS: Have already met with senior management staff from all Directorates and Colleges and discussed the purpose of an expenditure review and obtained their support, proposing an annual exercise. Now arranging meetings to analyse expenditure in detail with their deputies, highlighting maverick/off-contract expenditure, and exploring contract opportunities. This exercise should be complete by mid-February 2015, with analysis and summary report to follow to senior staff, and findings reported to the Audit Committee.

This is at Level 2; in order to attain Level 3 we’d require to produce evidence of benefits obtained from this exercise.

5.2 Does the organisation have a clear understanding of contract coverage?

ACTIONS: In the present absence of a contracts database, we maintain a manual contract register which contains most of the data needed. We plan to migrate the information to the Hunter contract tracker, as this has just become available.

Expenditure recorded through A, B and C level agreements establish what proportion of our procurement expenditure is captured by these contracts. This figure will determine the Level achieved: 50% = Level 1, 75% = Level 2. Progress to Level 3 at 90% would be challenging.

5.3 How are contracts and suppliers managed across the organisation?

ACTIONS: We presently use elements of a contract and supplier management approach in line with the Procurement Journey. The Procurement Journey processes will be introduced to central Contract Officers early in Jan 2015, and following a pilot to trial it and consider local revisions, a decision will be made on whether it would be appropriate to also train our Lead Buyers in its use.

The Supplier Charter is in place. (Level 1)

To achieve Level 2, we’d have to begin by considering agreements in terms of “segmentation” (Pareto analysis is a more appropriate term) and apply appropriate resource to actively manage the contracts. Users would be required to provide commentary on performance of firms in or around the High Value, High Risk quadrants. Level 3 is not achievable with present resource.

5.4 During the life of the contract, how proactive is the organisation’s approach to the review of specifications of current products and services to deliver benefits?

ACTIONS: The following contract improvements have been established in the past year, so evidence may be required:
♦ The administrative arrangements related to the travel contract have been revised as a result of a review with other stakeholders.
Procurement Improvement Plan

With a view to improving the sustainability of our stationery supply and reduce the number of packages and vehicle drop-offs, reducing packaging and carbon output, there were changes introduced to the management of the stationery, computer consumables and paper agreement to promote sustainable products and apply a minimum order value.

For the future, we need to promote more active contract supply and service reviews both within central Procurement and with our Lead Buyers. All have received training on this, but an exercise has begun (with IT Services) to escalate meetings during the life of a contract from social chats which include technology paths to formal contract discussions to maximise benefits. We’ll review and consider approach to other high contract expenditure areas (June/July 2015).

5.5 Does the organisation manage supply risk during the life of the contract?

ACTIONS: We are not planning to create a Procurement Risk Register. Contracts and suppliers ARE analysed and risks identified (such as capacity and capability when contract value is taken into account) and Head of Procurement receives updates from third party agency when the status of a credit-rated firm has changed or is under threat, but little risk management is visible (Level 1). In PCA terms, without a risk register, Progress to Level 2 would be very difficult.

5.6 Do suppliers have an opportunity to provide structured feedback to the organisation during the life of a contract?

ACTIONS: There is a Supplier Guide on the University web-page, and this includes a link for any supplier to provide feedback of any sort directly to the Head of Procurement.

Suppliers have opportunity to feedback on contract performance during review meetings at the moment; across the University there are programmes of supplier meetings (example ITS) and although notes are made and technology paths etc are discussed, there are few formal records outside Procurement.

As in 5.4 we are to promote more formal contract management processes across the University, starting with ITS as it is an area of high expenditure, and could potentially deliver greater benefits.

5.7 How are supplier and organisational processes developed during the life of the contract to deliver benefits to the organisation?

ACTIONS: We are presently at Level 1, where “Supplier reviews result in ad hoc service, process or product improvements” (see note on 5.4).

With more active Contract Management, and more focus on achieving shared benefits as a result of increased dialogue and cooperation, we should aspire to achieve Level 2 by the time of the next PCA.
6 Key Purchasing Processes and Systems

6.1 How effective is the process for receiving and authorising payment for goods, services and works?

ACTIONS: We will be able to demonstrate a first-time, three-way match for over 90% of our transactions as virtually all of our orders are now through the Parabilis system. Exceptions are non-order supplies and services, such as utilities, payments to individuals (i.e., landladies in the Outer Hebrides) but these are very few transactions indeed. New reports are to be established in OneSource shortly, expected 1st quarter 2015.

6.2 What is the organisation’s performance in terms of payments to suppliers?

ACTIONS: Standard payment terms are installed on the OneSource/Agresso system and automatically reimburse suppliers within 30 days of the invoice date. Credit terms are immediately reduced on request from SMEs, and also when benefits are negotiated with a supplier during a tender process (i.e., increased discount for early payment). This should be above 90% requirement for Level 2.

For the future, Level 3 could be attainable when the requirement for contractors to pay Tier 2 and 3 sub-contractors, and for monitoring this, becomes a preference under the terms of the Procurement Reform Act in 2015, and if we then introduce this as a requirement to our tenders.

6.3 Not Applicable

6.4 Are suitable technology-based tools in place and used?

ACTIONS: Procurement at the University is managed within a seamless integration of systems, which is known by a single University “brand” name, OneSource. Online requisitions are converted to orders which are ALL either drawn from electronic market-places, electronic catalogues or ordered electronically; on receipt, electronic goods receipts release payments against invoices which are presently a mix of email and hard-copies. Payments are made by BACS (virtually no cheques). From March 2015, our five suppliers with the highest number of transactions will be moved to electronic invoicing, and a programme to convert the remainder of the supplier database to e-invoicing will follow from that point.

Although trained in the use of PCS-T, we don’t presently use this because of current software limitations and restrictions. System improvements have been promised, but no current time-scale has been advised by the Scottish Government team.

6.5 How does the organisation ensure that products and services are correctly and consistently coded, that prices are correct and updated in a timely manner and that this information is available in the general ledger/finance system?

Actions: We are confident that we meet the requirements of Level 3. The codings, catalogues and marketplace management are all under the control of Procurement, and it is pro-actively (daily) reviewed and managed, and when marketplace data or catalogues are due to expire, warnings are sent from the system (triggered by loading expiry dates). We can demonstrate this on the system, but need to develop reports to evidence this for the next PCA.
Procurement Improvement Plan

All of our finance nominals, suppliers and supplies down to item level, were reviewed prior to implementing the OneSource system, then all of these were cross-referenced in a Relationship Table which contains Finance activity codes linked to ProcHE codes, linked to UNSPSC codes; if a user knows, or can identify one of these analyses headers, the others should either pre-populate order fields, or offer some alternatives.

For the future it should be an excellent source of procurement data, but this has yet to be tested and reports will need to be developed.

6.6 Has the organisation assessed its procurement process automation and information requirements and implemented an ICT strategy to meet them?

ACTIONS: We have fully implemented efficient electronic purchase-to-pay systems and will continue to enhance the process flow through electronic invoicing and other systems; OneSource has completely replaced a part manual finance system and the Pecos e-procurement system.

We do not have software systems which cover “all info and automation requirements including e-tendering, contract management etc.” We use PCS to its fullest extent across the University.

So, Level 1 again. Have to question validity of measurement given the sophistication of our new systems.

7 People

7.1 How pro-active is the Procurement Dept in terms of planning future resources?

ACTIONS: It has been agreed that Procurement resources are stretched, and over the last few years resilience hasn’t been there to cover unplanned absences while continuing to maintain the same level of service, so development activity has suffered in order to meet operational requirements.

Presently in dialogue with the Director of Finance to supplement resource in 3 – 6 months to raise level of procurement performance in two high-spending sections, and to cover for the probability that additional resource may be required to prepare for the requirements of the Procurement Reform (Scotland) Act 2014.

7.2 Do Procurement professionals contribute to initiatives to improve procurement efficiency and effectiveness? eg Improving efficiency in procurement processes, removing duplication etc.

ACTIONS: We actively pursue efficiencies in these areas.
Procurement Improvement Plan

7.3 Do procurement professionals and officers have their competency levels assessed using the Scottish Procurement Competency Framework or a similar competency framework?

ACTIONS: We have always used standard qualification criteria established across the HE sector, and evidenced in adverts for vacancies, as the basis for assessing competencies for professional posts up to now. We have not had any professional level vacancies for 7/8 years; we do expect/hope to recruit within the next 12 months, and when we do, we'll review the SPCF and consider its appropriateness to the Aberdeen market before filling our next vacancy.

7.4 How well established are the training and development support structures for procurement professionals and officers? Is there a designated budget for procurement training which is equivalent to the training budget allowed for other specialist areas?

ACTIONS: There is an annual appraisal process for staff which includes opportunities to explore training gaps or requests, and to promote further qualification. The process of qualification is directly linked to promotion to professional standing, and is based on the trainee accountant scheme at the University and access to training costs are equally supported.

We currently have no mentoring or secondment opportunities with the University (we are a team of four professional staff).

7.5 Is there a process in place for ensuring non-procurement staff who have authority to procure have the appropriate competency levels?

ACTIONS: In an initiative to improve procurement networks and raise competency across the University, Lead Buyers have been nominated by their Colleges, Schools and Sections to lead procurement activities within their areas. Effectively part-time buyers, all of the Lead Buyers have received training appropriate to the activities of their sections, and receive regular updates on procurement activities and legislative developments.

A list of trained Lead Buyers is available (Level 2).

In order to achieve Level 3, training would have to be delivered to all Departmental and School Finance Personnel, and competencies in procurement would have to be measured as part of a regular review process.

7.6 How proficient with EU Procurement Legislation are the procurement professionals and officers within the organisation (including those with delegated purchasing authority)?

ACTIONS: Procurement staff have a high level of understanding. Transactions over the EU threshold ARE NOT delegated to anyone other than Procurement, however detailed guidance is published on the intranet, and all Lead Buyers have a summary of the legislation included in their training so that they have an awareness of the applicable thresholds and time-scales.
Procurement Improvement Plan

8 Performance Measurement

8.1 How well defined are the procurement performance measures?

ACTIONS: Performance measures are contained in the new-format annual Procurement Report included in this Procurement Strategy document.

Level 3 would require the Head of Procurement to regularly report and discuss measures and achievements at “Board” level.

8.2 Do Procurement Officers and relevant managers get appropriate, timely and accurate spend information?

ACTIONS: ALL non-authorised variances to expenditure are highlighted in the finance system and reported to budget-holders. Budget-holders involve Procurement if there is an issue with an order, catalogue or market-place cost variance to be resolved. In particular, all Procurement contracts are closely monitored for price, and virtually no variation to agreed payments is accepted by Procurement.

8.3 Do all appropriate stakeholders receive and act on relevant procurement reports?

ACTIONS: Having just been trained on reporting within the Agresso finance system, reports will be run them when we are considering contracting strategies, reviewing spend within particular market areas, identifying possible contract routes, and the availability of framework agreements.

It is planned to include a section on procurement across the University on a quarterly basis in the Monthly Management Reports considered by the Senior Management Group (ie key representatives of Professional Services and management of each of the Colleges). This has been trialled and was welcomed. The report will be in the form of a dashboard containing various procurement values and volumes, and particularly highlighting non-compliant expenditure.

8.4 Is procurement spending monitored to ensure that it realises its anticipated benefits and savings against targets?

ACTIONS: Most of the high-value transactions we are involved in relate to research grants and contracts. Our “target” is to obtain best value for every single contract, and, having set criteria for a requirement, we then run a tender exercise to make sure that we select the best solution. These contracts have clearly defined budgets which are rigidly enforced. We work closely with our clients who are normally responsible for supervising the building, installation and testing of the supplies, and are acutely aware of any deficiency in supply or project over-run, and with Accounts Payable, who report any cost deviation; these are reported to the Contract Officer in Procurement.
Procurement Improvement Plan

8.5 How does Procurement use customer feedback to improve its performance?

ACTIONS: Performance feedback has previously been obtained from cross-campus surveys. This is not something that is run regularly or specifically on Procurement (last was 2012) but is included in a Finance and Procurement questionnaire issued from time-to-time.

8.6 Does the organisation contribute to analysis of trends in Scottish procurement by supplying relevant information?

ACTIONS: We meet Level 2. BPIs are up to date and have been submitted on time. Spikes Cavell Observatory data is updated regularly and the information is up-to-date. We work with APUC to confirm savings and benefits accruing from Cat A and B contracts.

Procurement

Gary McKinnon

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