

# Annual Procurement Report And Strategy Update 1 January 2017 to 31 July 2017



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## Introduction

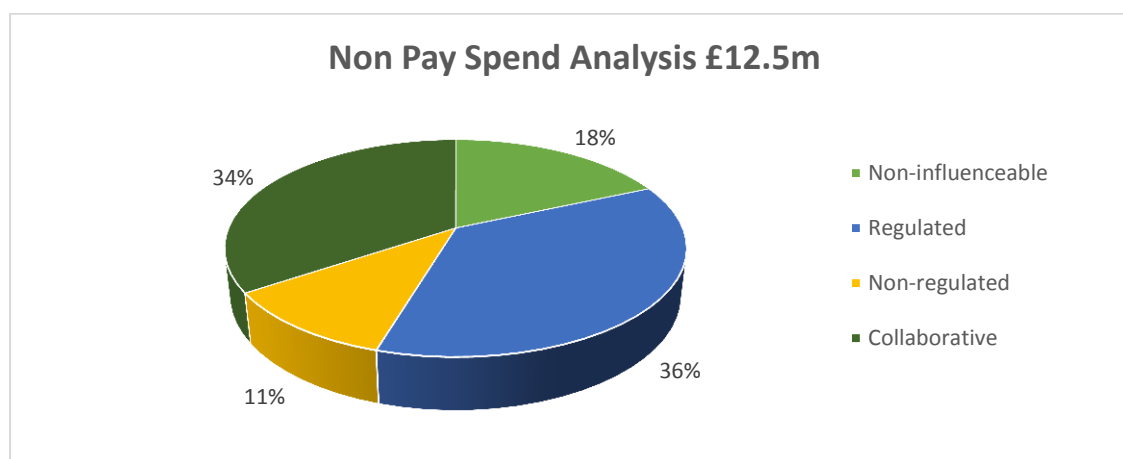
This report provides a statement of progress in relation to the College Procurement Strategy for the period covering 1 January 2017 to 31 July 2017 as required by the Procurement Reform (Scotland) Act 2014

It is worth noting that the Procurement Annual Report is mainly concerned on reviewing regulated procurements, which are procurements for goods and services over £50,000 in value and procurements for works over £2,000,000 in value. For West College Scotland the number of regulated procurements is limited – however this is increasing as the College progresses the Strategy objective of increasing the level of aggregated and collaborative spend.

The report details activities undertaken in the following areas:

- Section 1: Summary of completed Regulated Procurement
- Section 2: Review of Regulated Procurement compliance and Strategy Progress
- Section 3: Summary of Community Benefits
- Section 4: Summary of Supported Business engagement
- Section 5: Summary of Future Regulated Procurement
- Section 6: An overview of key development being progressed by the College

The College's annual expenditure profile continues to be monitored to identify areas for potential future procurement. The results of this monitoring are be used to manage the supply base. The level of non-pay expenditure for the year 2016-17 is displayed below and totalled approximately £12.5m (2015-16: £12.8m), of which approximately £2.3m (2015-16: £2.4m) was non-influenceable spend, covering areas such as exam fees, property rent and rates and VAT payments.



This first Annual Procurement Report demonstrates that the College recognises the key role that procurement does play in contributing to the success of the organisation. The Procurement Strategy and Annual Report provide the means to ensure that the Procurement Strategy is on track to achieve required objectives and procurement activities are contributing to the College's wider social and economic aims.

## Section 1: Summary of Completed Regulated Procurements

The College has had a limited number of regulated procurements, which are procurements for goods and services over £50,000 in value and procurements for works over £2,000,000 in value, during the period under review and none in the works category i.e. over £2,000,000. To be included in this report the regulated procurement must have had an award notice published.

The College is continuously working towards improvement and greater transparency in procurement activities. As collaboration across the curriculum areas, support functions and campuses increases, requirements are consolidated and collaborative spend increased. This in turn is expected to lead to an increased number of regulated procurements in future years.

### Completed Regulated Contracts January to July 2017

Date of Award	Name of Supplier	Description	Collaborative Y/N	Contract Value (4 years incl. VAT)	Start Date	End Date (not including extensions)
01/01/17	Protech Heating	Central heating boiler installation	N	£59,700	01/01/17	N/A
01/03/17	Clyde Paper	Paper and specialist paper	Y (APUC)	£87,000	01/03/17	28/02/19
09/05/17	Salon Alternatives	Hair dressing kits	Y (APUC)	£74,000	10/05/17	09/05/19
09/05/17	Ellisons	Beauty kits	Y (APUC)	£100,000	10/05/17	09/05/19
02/06/17	Corston Sinclair	Personal Protection Equipment (PPE)	Y (SXL)	£77,000	02/06/17	01/06/19
01/07/17	William Tracey	Waste Services	N	£50,000	01/07/17	31/06/18
09/10/17	Exactive	Supply of Skype for Business	Y (APUC)	£96,000	09/10/17	08/10/18

SXL: Scotland Excel is the Centre of Procurement Expertise for the local government sector established in 2008 as a non-profit shared service funded by Scotland's 32 local authorities.

APUC: Advanced Procurement for Universities and Colleges Limited is the procurement centre of expertise for all of Scotland's universities and colleges. It is a private limited company, owned by its client institutions.

## Section 2: Review of Regulated Procurement Compliance and Strategy Progress

### Regulated Procurement Compliance

As outlined above, the College has had a limited number of regulated procurements during the review period. The College seeks to access and utilise collaborative procurement approaches wherever possible including the use of procurement framework agreements with APUC and other centres of procurement expertise. This position ensures that contracts have been procured compliantly and due diligence has been performed on those suppliers on the collaborative framework.

As legacy contracts are expiring the College is seeking to consolidate and replace these. This aggregated approach will increase the number of regulated contracts in future.

### Procurement Strategy Progress

#### Strategy Objectives

Compliance with regulated procurement contributes to the achievement of the objectives of the College Procurement Strategy.

The objectives of the Procurement Strategy are aligned to the College Corporate Plan strategic priorities and associated objectives. There are 7 key procurement objectives with 20 associated outcomes. In achieving Procurement Strategy objectives procurement activities are directly contributing to overall College corporate objectives.

The achievement of the Procurement Strategy objectives and the resulting action plan is reviewed on a regular basis with updates on progress reported to the College Senior Management Team with an annual update to the Finance and General Purposes Committee.

The progress against the action plan is detailed in Appendix B and progress as at November 2017 is summarised in the table below:

Status	Number of Outcomes	%
Blue (fully implemented)	3	15
Green (actioned)	12	60
Amber (in progress)	5	25
Red (not started)	0	0
	<b>20</b>	<b>100</b>

The College considers that it has made good progress implementing the Procurement Strategy outcomes. There are no red items and with over 60% of the outcomes categorised as Green where progress is in line with year 1 of the strategy implementation, this is considered a sound base as the College moves into year 2 and beyond.

The successful implementation of the Strategy has contributed to the wider College aims and has had the following impacts:

- Awareness of procurement obligations and support services has increased
- Compliance is increasing
- Aggregation and collaboration across the wider organisation is increasing
- External collaboration is increasing and being adopted as the default position
- Staff recruitment and training has improved
- Promotion of sustainability and community benefits is now a standard requirement
- The College has achieved Living Wage Accreditation
- Improved data recording for evidence database for PCIP
- Benefits and savings now being sought, measured and recorded
- An improved online presence makes good practice procurement more accessible

Going forward into year 2 the College would aim to build upon the work carried out to date and aims to deliver the following outcomes:

#### Objective 1

- Complete the development of the Procurement Hub including regular news announcements to all staff on procurement issues.
- Develop a robust suite of management information reports for use by managers across the College.

#### Objective 2

- Embed fully the requirement to deliver community benefits from more contracts.
- To bring to the attention of managers the benefits they can obtain from procurement exercises.

#### Objective 3

- Increase the number of quick quotes and tenders issued on the electronic portal.

#### Objective 4

- Identify opportunities to collaborate with external parties.

#### Objective 5

- Improve the reporting on the benefits (monetary and qualitative) from procurement contracts.

#### Objective 6

- Continue to work with other colleges and APUC in order to identify areas of best practice.

#### Objective 7

- Development of performance management measures and reporting for larger category C contracts.

## Categories and nature of procurement

### Regulated Contracts

The work plan at Appendix A provides an indication of the nature and category of procurement activity the College is likely to undertake over the next two year period. In the work plan a Category column (A / B / C) has been incorporated; Category A commodities are those used across the public sector i.e. utility contracts / IT supplies; Category B are commodities used by HEFE sector i.e. food / cooking supplies, and Category C are commodities locally sourced i.e. beauty kits. This is indicative at this stage as until consultation has been undertaken with either the procuring department or APUC the final status of the contract can only be estimated.

### Low Value / Low Risk Purchases

The College utilises the Quick Quote facility through the Public Contracts Scotland electronic portal in order to source competitive quotes for low value/low risk procurement exercises. The suppliers must be registered on Public Contracts Scotland portal. An increased usage of this system is an indication of the growing influence of procurement through the College.

The following table gives details of quick quotes since the College started using the system:

Use of Quick Quotes	Jan 16 to Jul 16 (8 months)	Aug 16 to Jul 17 (12 months)	2017/18 Estimated
Number of Quick Quotes Published	17	23	40
Number of Invitations Sent	99	162	>250
Number of Unique Suppliers Invited	83	109	>150
Average Number of Invitations per Quick Quote	5.82	7.04	>7

It can therefore be seen from the table above that use of the Quick Quote system has increased and is expected to increase further during 2017-18. This allows the College to maintain an electronic trail and thereby address any future dispute notifications by reference to the data held on the system.

### Section 3: Community Benefit Summary

The College promotes community benefits in the standard documentation used for larger procurements regulated procurements and also promotes these for some smaller quotations undertaken via Quick Quote – for smaller values, it is more difficult to promote community benefits given their scale.

Many community benefits are intended to benefit students and the student learning experience – for example, of the regulated procurements detailed in Section 1, two of the contracts provided the following community benefits:

Clyde Paper: Living wage employer; provided work experience opportunities for the students.

Corston Sinclair: Support for Haven supported business – work experience opportunities and recycling work for students

The College has also obtained support from hair dressing suppliers in providing student training.

The above community benefits are not mandatory as the College has no contracts over £4,000,000 where the provision of community benefits is obligatory under the terms of the Procurement Reform Act. The College will continue to promote areas of community benefit as follows:

- All standard quotation and tender documents now include clauses which invite bidders to provide Community Benefits.
- The College has achieved Living Wage Accreditation and will continue to promote payment of the Living Wage and Fair Work Practices for all regulated procurements.
- The College will identify and record Community Benefits in a register to allow monitoring.
- The College is rolling out greater performance management and measurement, which will review Community Benefits as a standard task.



## Section 4: Supported Businesses Summary

There have been no regulated procurements placed with supported businesses over the previous period. Engagement with supported businesses has been developed in some areas and is planned for other services.

- The College has agreed an arrangement with Haven to recycle IT hardware. Although this is a low value contract it allows the College to recycle IT hardware in a compliant manner and contribute to the College's aims to meet its sustainable obligations.
- The College also engages with the Erskine Hospital Charity to purchase goods manufactured by residents.

The College plans to engage with supported business, and to encourage bidding for College tenders and quotations in the near future, for example, laundry services.

## Section 5: Future Regulated Procurement Summary

The College has prepared a summary of the anticipated procurement workload over the next two years as shown in Appendix A. The work load requirement is estimated as the College receives funding on an annual basis and the level of this allocation cannot be predicted beyond one financial year.

Possible contracts have been included which have exceeded the regulated contract threshold as when the value of the contract is aggregated over several years the goods/service provision requires to be considered for tender.

Significant capital work on the College estates and/or improvement, for example the construction of new college buildings, has not been included as, although outline business cases to secure funding have been submitted to the Scottish Funding Council. If successful the injection of significant funding in order to support large scale estate developments would result in significant regulated spend.

## **Section 6: Other Considerations**

In this section the College is highlighting procurement / process improvements that support better procurement. These improvements support the Strategy and are improving compliance.

### **Procurement Intranet site**

The existing site has been reviewed, edited and added to, which will increase procurement awareness and access to information for all students and budget holders. The improved site will be continuously reviewed for improvement to provide current best practice, procurement news e.g. new collaborations or contracts and contact details for the procurement team to create a helpline for procurement issues.

### **Procurement Procedures**

A number of procurement procedures have been created to provide best practice information and reflect current legislation changes and implementation. The procedures have been sited on the Procurement Intranet site, described above, and cover a range of procurement subjects to enhance communication, engagement, competence and compliance. The procedures are aligned to the Scottish Government Procurement Journey and support the College's strategic approach and aims.

### **Contract and Supplier Management**

Some of the new procedures provide the methodologies to undertake performance management and contract and supplier management in a generic sense. The procedures describe a meeting methodology, a structure to allow supplier feedback and an assessment methodology for providing objective progress reports for individual contracts. The procedure is being included in new competitive procurement exercises and will provide data for lessons learned records for individual contracts and contractors.

### **Finance System**

The College is reviewing its current finance system in order to identify improvements which will facilitate e-procurement, allow greater use of catalogues and provide more accurate current management information (MI). This will support the Strategy's aims to improve P2P (Purchase to Pay).

## Summary

This report demonstrates the College commitment to compliant, proactive and best practice procurement. The College is actively engaging with the aims of the Procurement Reform (Scotland) Act and is maintaining an ethos of continuous improvement for both its current activities and future planned work. The College will continue to promote awareness of procurement amongst staff and students and is proactively engaging with stakeholders to offer advice and training to improve the culture and practice of all its procurements.