



# A Guide to the Development of Procurement Strategies for the Scottish College Sector

Prepared in partnership and as a joint publication with APUC



Advanced Procurement  
for Universities & Colleges

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## **Contents**

1.	Executive Summary .....	3
1.1.	Background.....	3
1.2.	Aims and Objectives of the Guide .....	3
1.3.	Conclusions .....	4
2.	Why is a Procurement Strategy necessary?.....	4
2.1.	Managing the Procurement Cycle .....	4
2.2.	The Need for a Shared Understanding of the Procurement Process .....	5
2.3.	Setting out the Objectives, Goals and Guiding Principles.....	6
3.	The Form and Content of a Procurement Strategy.....	8
3.1.	Setting the Objectives .....	8
3.2.	Data Gathering .....	9
4.	Sample Procurement Strategies .....	16
4.1.	One size does not fit all.....	16
4.2.	Sample Procurement Strategy .....	17
4.3.	Sample Procurement Strategy .....	22
5.	Working Group Membership .....	25

# **1. Executive Summary**

## **1.1. Background**

In 2009-10 all of the institutional members of APUC participated in a Procurement Capability Assessment (PCA) as part of the wider Public Procurement Reform Programme (PPRP) under way in Scotland. The results from PCA were by and large very satisfactory for most universities and colleges. That said, it also emerged that there were certain areas of assessment where improvements to practice and procedure, brought about by the existence of sound procurement strategies, could be readily introduced in most institutions. Such improvements would provide focus on procurement process and function in institutions as key strategic enablers of service design and service delivery.

The percentage of institutional expenditure on bought-in goods and services will vary between and within institutions from year to year. Very rarely will it be less than 25% of total expenditure, very often it will be between 30% and 35%, and in years of capital expenditure projects it will exceed well over 50%. The difference between good and bad procurement can be as high as 15%-20% of costs. Beyond cost considerations, of course, usefully focused procurement process provides effective management of risk, regulatory compliance, quality, delivery and management of the supply base to optimise delivery of institutional objectives and innovation through the correct use of suppliers' know-how as an external resource.

The more commonly established approaches to management of purchasing within colleges are sub-optimal in that they:-

- define purchasing related activity with most emphasis given to procedure rather than policy and objectives;
- need to be more focused on objectives and how these objectives are derived from, link and align to, the institutional corporate objectives, and
- need to communicate better how the outcomes from procurement operations will be assessed in terms of efficiency and performance, i.e. how the process is important enough to be usefully measured, valued, managed and deployed in the future.

The following guide proposes a rationale for taking these further steps in the procurement improvements journey, the issues to evaluate, strategy templates and a few procurement strategy exemplars to consider. Proportionality is important here and the recommendations made seek to encompass the needs of large, medium and small institutions.

## **1.2. Aims and Objectives of the Guide**

The use of the guide is intended to provide assistance, where needed, for institutions to introduce more strategically orientated purchasing/procurement protocols so that value for money delivery might be optimised and external drivers for improvement addressed comprehensively.

Value for money delivery is clearly outlined within the SFC Teaching Funding Methodologies: Funding Principles, i.e.

- Funding principle 12 - able to encourage efficiency within fundable bodies (to) encourage the efficient use of resources so that we can demonstrate clearly that efficiency is embedded in the practices of colleges and HEIs securing value for money and optimum use of public funds.

External drivers for improvement are:-

- The current and medium term economic situation where every effort needs to be made to sustain service delivery through stretch of available funding.
- Scottish Government expectations,

Quotation from John Swinney MSP, Cabinet Secretary for Finance and Sustainable Growth November 17, 2010 '**How Scotland will achieve efficiencies from improved procurement in 2011-12 and beyond'**

"A continued emphasis on procurement reform will be central to maximising savings and benefits, as well as recognition of the importance of procurement as a key strategic enabler of service design and service delivery".

- The ongoing PCA process and how that falls within the Audit Scotland purview of how progress is being made in the procurement improvements journey.

### **1.3. Conclusions**

It is recommended that colleges consider the procurement strategy issue as set out in the Guide:-

- in relation to the rationale for the recommended approach and, more importantly,
- in relation to the practical value of adopting a clearly documented procurement strategy in terms of measurable and managed contributions to the achievement of procurement, and ultimately institutional, objectives.

## **2. Why is a Procurement Strategy necessary?**

### **2.1. Managing the Procurement Cycle**

The PCA Summary Report, produced in July 2010,

<http://www.apuc-scot.ac.uk/uploads//Docs/pdf/PCA%20Report%20200910%20Final.pdf>

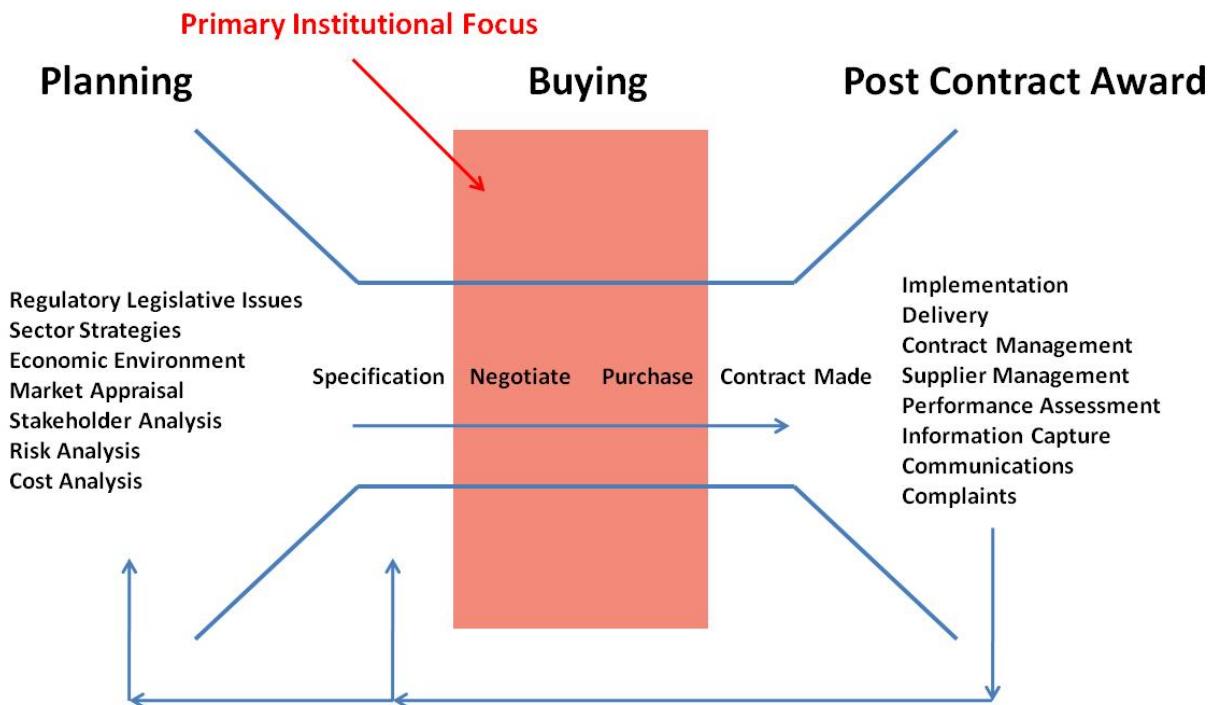
indicated how the assessment process had provided some useful benchmarks from which institutions might chart their progress with improvements over time. The PCA process also served to highlight areas where APUC should facilitate with 'peer-assist' initiatives or provide focused direct and shared service support; for example, in areas such as

**Governance** – linking procurement strategy and objectives to the institutional plan and objectives;

**Supplier Strategy and Policy** - strengthening supplier and contract management skills;

**Reporting and KPI** – measuring the important areas for better leadership and management of procurement.

Furthermore the PCA showed that the primary focus and remit of procurement activity in the colleges was in the ‘Buying’ phase (shaded area) of the procurement cycle depicted below, with too little attention given to the more strategic ‘Planning’ and ‘Post Contract Award’ phases.



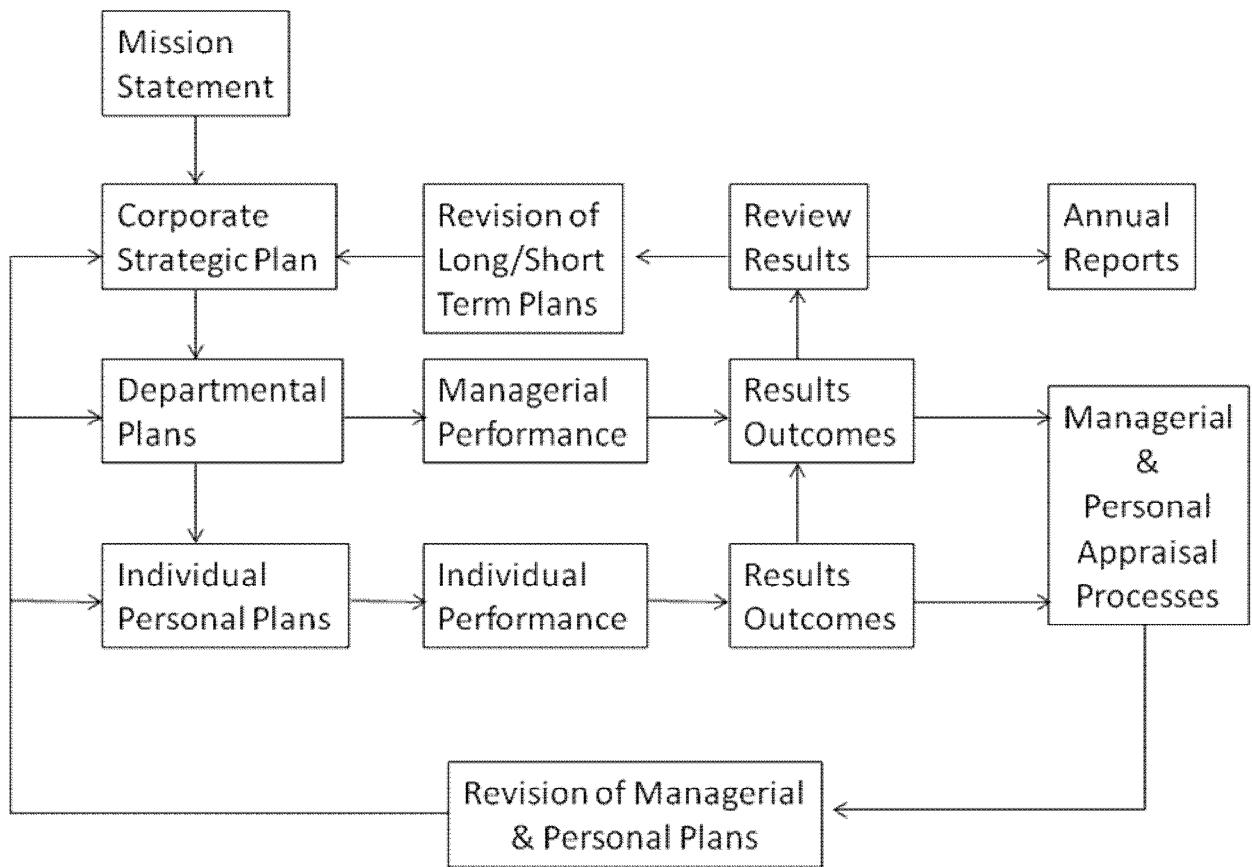
## 2.2. The Need for a Shared Understanding of the Procurement Process

An effective procurement strategy should be based upon a shared understanding of the role and purpose for the procurement process. Frequently there are different perceptions of this at Principal, senior management, end-user, and supplier levels. These perceptions are also variable between institutions. A shared focus needs to be built upon an alignment of perceptions and understanding around what a college needs from a well performing procurement process that is consistent with the aims and objectives of the college.

Such a role and purpose statement might be something along the lines of:-

‘the role of the procurement process in each college and across the college sector is developing, securing and sustaining optimal value, in terms of money, efficiency and risk, for institutional needs from resources and external expenditure, to support and enable short and long term teaching, skills training, commercial and occasional research objectives.’

This kind of statement lends itself to analysis of its constituent elements which in turn can form the separate components of a procurement strategy with underpinning actions and associated performance indicators. The procurement strategy can then be suitably aligned within the model institutional objectives cascade depicted below.



A procurement strategy that is successfully integrated and implemented within the institutional cascade of objectives and performance measures should be recognisable by the following characteristics.

- Clear “buy-in” at Principal, senior management team and departmental level in each college to the benefits for that college from embracing an agreed role and purpose for the procurement process and how people need to interact to ensure that outcomes are achieved in a satisfactory manner.
- Competent professional commercial people playing a key role in the process, at the right interaction points, to ensure delivery of clear solutions from supply markets that meet institutional business needs.
- Key suppliers who treat the institutions as genuine “preferred customers”.
- Processes, systems, measures and enabling structures that support delivery capability along the entire procurement process cycle.
- Capacity and capability that are available at the right pressure points.

### 2.3. Setting out the Objectives, Goals and Guiding Principles

Strategy documents need to outline two key things -- the **objectives** of the strategy, and the **goals** which are necessary to achieve these objectives. The goals describe what will actually happen and objectives describe what will be achieved as a result.

The guiding principles reflect the core values on which the strategy is based, and which will inform all the actions which are planned as a result. Best value procurement will

- be transparent;
- be driven by desired results;
- create the most economically advantageous balance of quality and cost;
- reduce the burden on administrative and monitoring resources;
- lead to simplified or routine transactions;
- encourage open and fair competition;
- follow all appropriate regulations and legislation.

These values in turn readily translate into key performance indicators that can be used to assess the quality of results.

The objectives and the goals need to reflect the priorities of the institutional mission and be framed in achievable and accountable plans. They need to be no more than 5 to 8 in number, be expressed concisely and easy to understand. They should aspire to be **SMART**, i.e. Specific, Measurable, Achievable, Realistic, and Timed, but they could be very acceptably useful as **DUMB**, i.e. Doable, Understandable, Manageable & Beneficial.

The scope of subject matter that might be covered by strategic objectives is described in **Section 3**. Suggested models that might be suitable for use in larger and smaller colleges, together with web references to several other institutional approaches to procurement strategy, form and content are commended for consideration in **Section 4**.

### **3. The Form and Content of a Procurement Strategy**

#### **3.1. Setting the Objectives**

There is no short, definitive list of things that ought to be included within procurement strategy objectives. Furthermore, priorities change over time and strategies need to be reviewed and revised to reflect changes in circumstance and focus. Subjects to consider include:-

**Operating Structure** – is it fit for role and purpose, influencing where it should and as it should in a devolved environment? Do end users know what is available to them by way of contract access and the procedures that they must follow, and are these procedures benchmarked against best practice, reviewed and updated as required? Is there clear institutional leadership of the procurement process?

**Expenditure Analysis** – is institutional expenditure on bought-in goods and services analysed in such a way that amounts spent, with whom, on what and by whom are understood, under control and spent optimally?

**Maximising Value** – how is it intended to maximise value through procurement activity; the use of competitive tendering and established collaborative contracts, the training of devolved buyers?

**Supplier Strategy** – does the institution have a strategy for dealing with suppliers and markets, such as being a signatory to the Suppliers Charter and a user of Public Contracts Scotland? Does the institutional website provide guidance to suppliers on elements of the procurement policies (sustainability, SMEs etc), key contacts and signposts (e.g. to APUC), and core values?

**Social Responsibility** – how does the institution plan to take account of its social, economic and environmental responsibilities through procurement e.g. sustainability, health, safety and welfare, environmental management, equality, ethical procurement, working with the local business and social communities?

**Supplier/Contract Management** – are key suppliers identified and, if so, who are they and why are they key? What is the institutional approach to supplier and contract management and what are the plans for monitoring supplier performance and managing improvements?

**The Use of Procurement Tools** – is there a strategy for operating the most appropriate, efficient and effective Purchase to Pay systems and procedures including use of procurement cards, e-tendering, e-auctions and an e-procurement platform and are the benefits of such use - reporting, planning, measurement and cost control - clearly explained and understood?

**Staff Training** – is there a commitment to appropriate training for staff involved in the procurement process, with skills gaps being identified and addressed?

**Performance Reporting** – are there mechanisms/indicators in place whereby performance monitoring within the procurement process is routinely reported to senior management? Do such mechanisms include benefits and savings reports, customer and supplier feedback on the effectiveness of procurement performance?

**Risk Management** – are key risks and dependencies relating to procurement process, legislative and regulatory non-compliance identified, understood, monitored and appropriately communicated across the institution?

**Wider Public Procurement Reform** - is the institutional strategy in line with the wider public procurement reform programme; does the procurement process make appropriate use of APUC and Scottish Government collaborative contracts and procurement best practice improvement tools and guidance?

Each of these topics is addressed within the scope of the PCA questionnaire. A procurement strategy that systematically addresses these issues would drive improvements that are measurable over time.

### **3.2. Data Gathering**

During 2010 steps were taken to introduce more proportionality to the burden of scrutiny falling to institutions, this reducing in direct relationship to estimated institutional levels of expenditure on goods and services. It was agreed that all but two of the largest colleges would be exempt from the full PCA. Thirty colleges would be assessed using a more concise, 'lite' version and the nine smallest colleges would be guided informally by their respective APUC account managers.

The top spending colleges would continue to provide annual expenditure data for the Hub and complete returns for Best Practice Indicators (BPI). Twenty six colleges would fall beyond the scope of Hub and BPI returns.

One of the most important building blocks of a procurement strategy is expenditure analysis - **institutional expenditure on bought-in goods and services analysed in such a way that amounts spent, with whom, on what, by whom, are understood, under control and spent optimally**. For the top fifteen expenditure institutions the ongoing capture of data will continue. For those whose most recent data is 2008-09 then the APUC account managers will need to provide support to the colleges in securing expenditure data and analysis.

## The Divide of Reporting Responsibilities

### Strategic Map - in scope/out of scope reporting

PCA			
Hub/BPIs	Full	Lite	Informal
In-Scope for Hub and BPIs	City of Glasgow College Aberdeen College		
		James Watt College Dumfries & Galloway College Clydebank College Edinburgh's Telford College Adam Smith College Borders College Motherwell College Stevenson College Edinburgh Forth Valley College Langside College Carnegie College John Wheatley College Perth College	
Out-of-Scope for Hub and BPIs		Dundee College Cardonald College Inverness College Oatridge Agricultural College Jewel & Esk College North Glasgow College Ayr College Reid Kerr College North Highland College West Lothian College Banff & Buchan College Coatbridge College Elmwood College Cumbernauld College Angus College Anniesland College Stow College	
			Moray College Barony College Kilmarnock College South Lanarkshire College Lews Castle College Newbattle Abbey College Shetland College Orkney College Sabhal Mor Ostaig

The kind of expenditure information that needs to be available, at the very least as a starting point for analysis, is as shown in the tables and charts that follow. They are based on 2008-09 figures, the last year for which a complete dataset is available and they show high level categorisations of expenditure for,

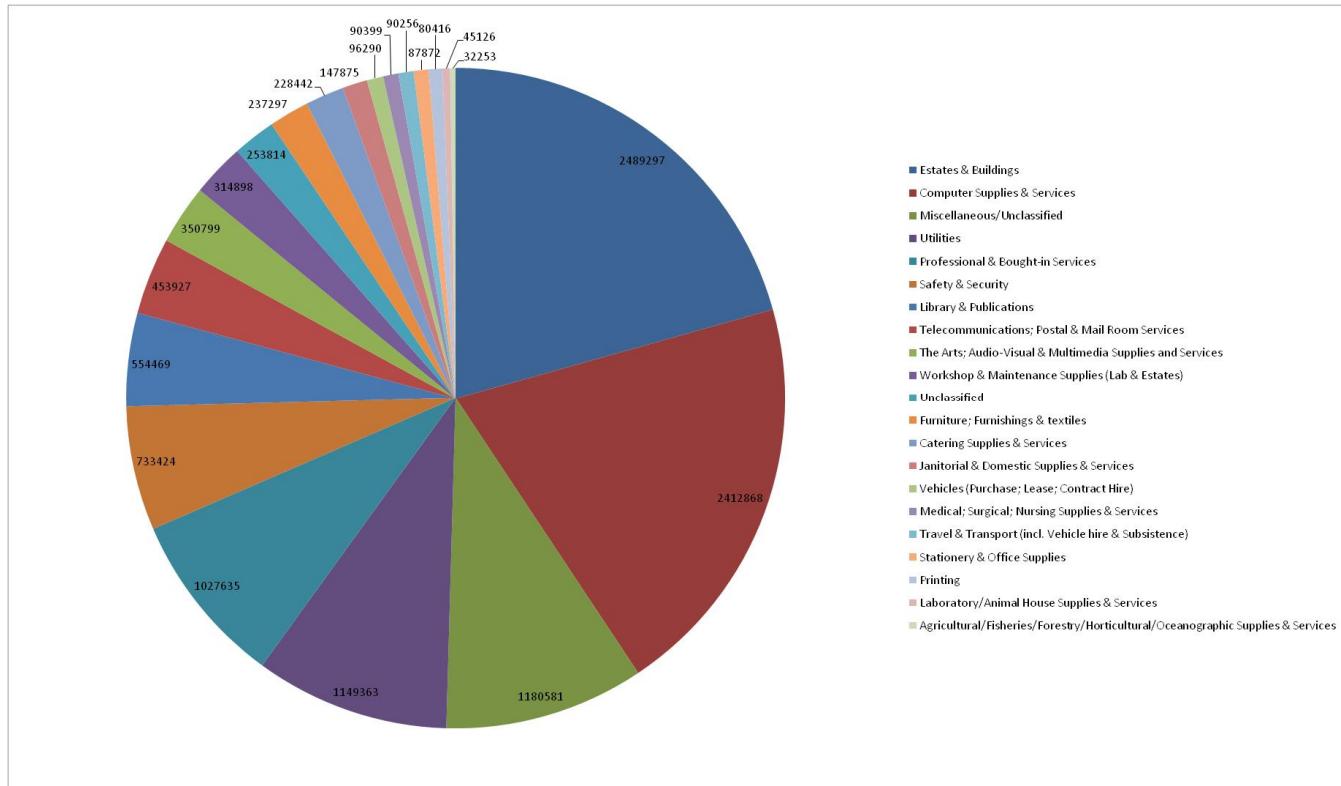
- a large college,
- a medium-sized college,
- a medium sized college with capital project expenditure and
- a small college.

The profiles have certain characteristics in common but they also reflect the difference in purpose and focus between one college and another. A deeper drill into the expenditure analysis will also illustrate differences between metropolitan and rural, central belt and Highland and Island. For those colleges that are 'out of scope' for Hub and BPI reporting, as shown in the table above, then it is expected that the APUC account managers will provide support in examining existing contract coverage of expenditure areas and the potential for developing new collaborative or bespoke contracts for specialist needs.

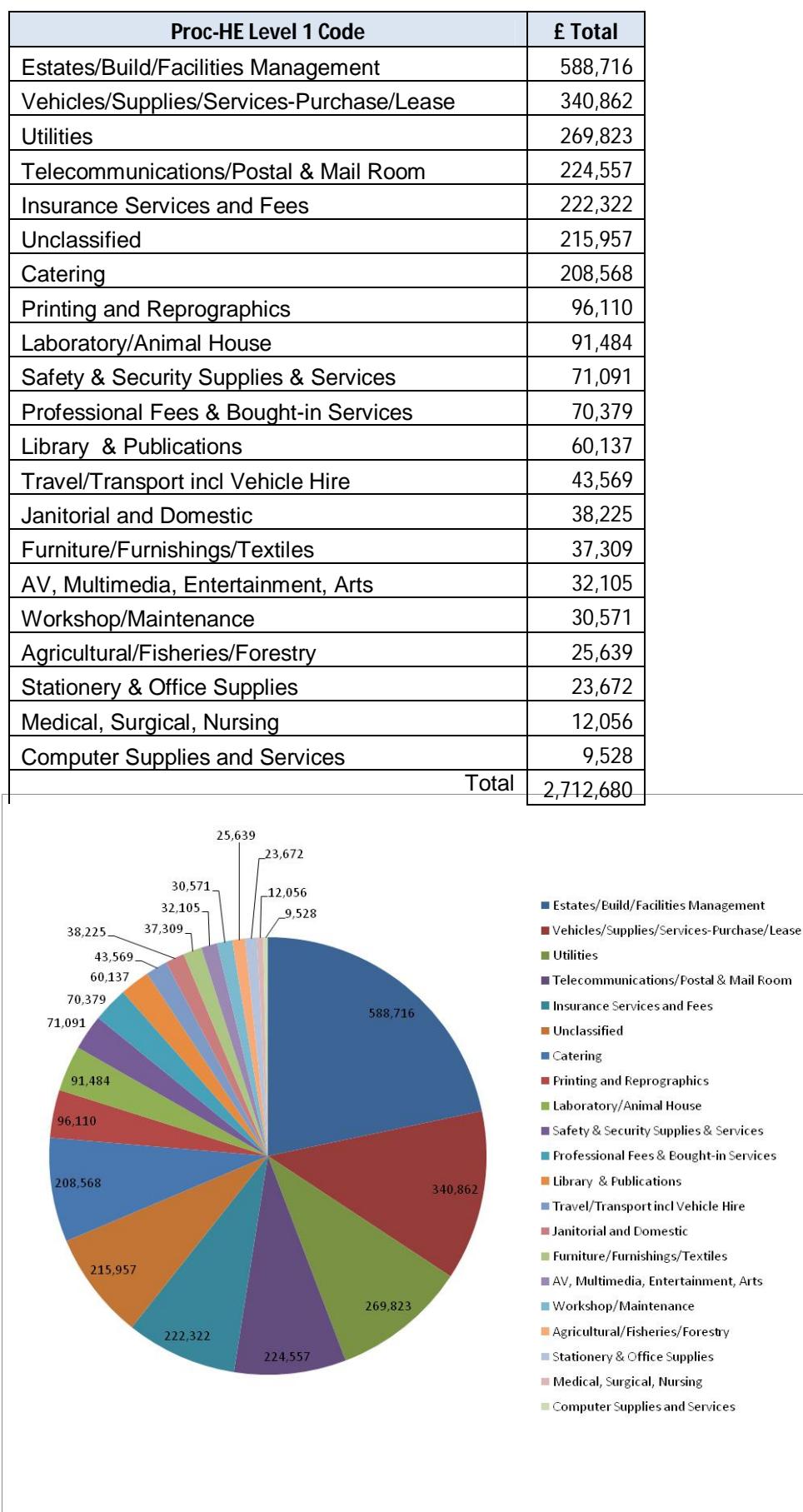
While not being required to provide expenditure data for the Hub, the out of scope colleges should continue to retrieve such information from their finance systems so as to guide forward contracting strategies and monitor performance.

## Large College

Proc-HE Level 1	£ Total
Estates & Buildings	2489297
Computer Supplies & Services	2412868
Miscellaneous/Unclassified	1180581
Utilities	1149363
Professional & Bought-in Services	1027635
Safety & Security	733424
Library & Publications	554469
Telecommunications; Postal & Mail Room Services	453927
The Arts; Audio-Visual & Multimedia Supplies and Services	350799
Workshop & Maintenance Supplies (Lab & Estates)	314898
Unclassified	253814
Furniture; Furnishings & textiles	237297
Catering Supplies & Services	228442
Janitorial & Domestic Supplies & Services	147875
Vehicles (Purchase; Lease; Contract Hire)	147875
Medical; Surgical; Nursing Supplies & Services	90399
Travel & Transport (incl. Vehicle hire & Subsistence)	90256
Stationery & Office Supplies	87872
Printing	80416
Laboratory/Animal House Supplies & Services	45126
Agricultural/Fisheries/Forestry/Horticultural/Oceanographic Supplies & Services	32253
Total	12057301

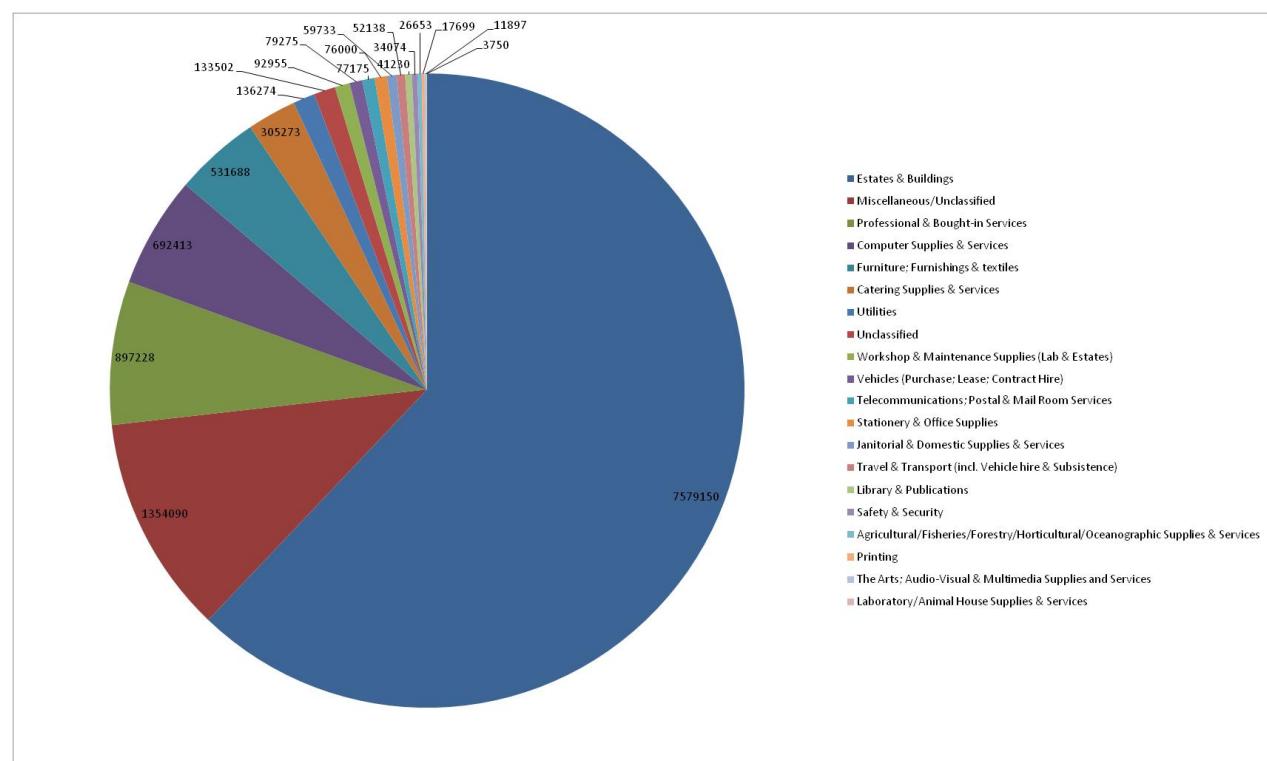


## Medium College



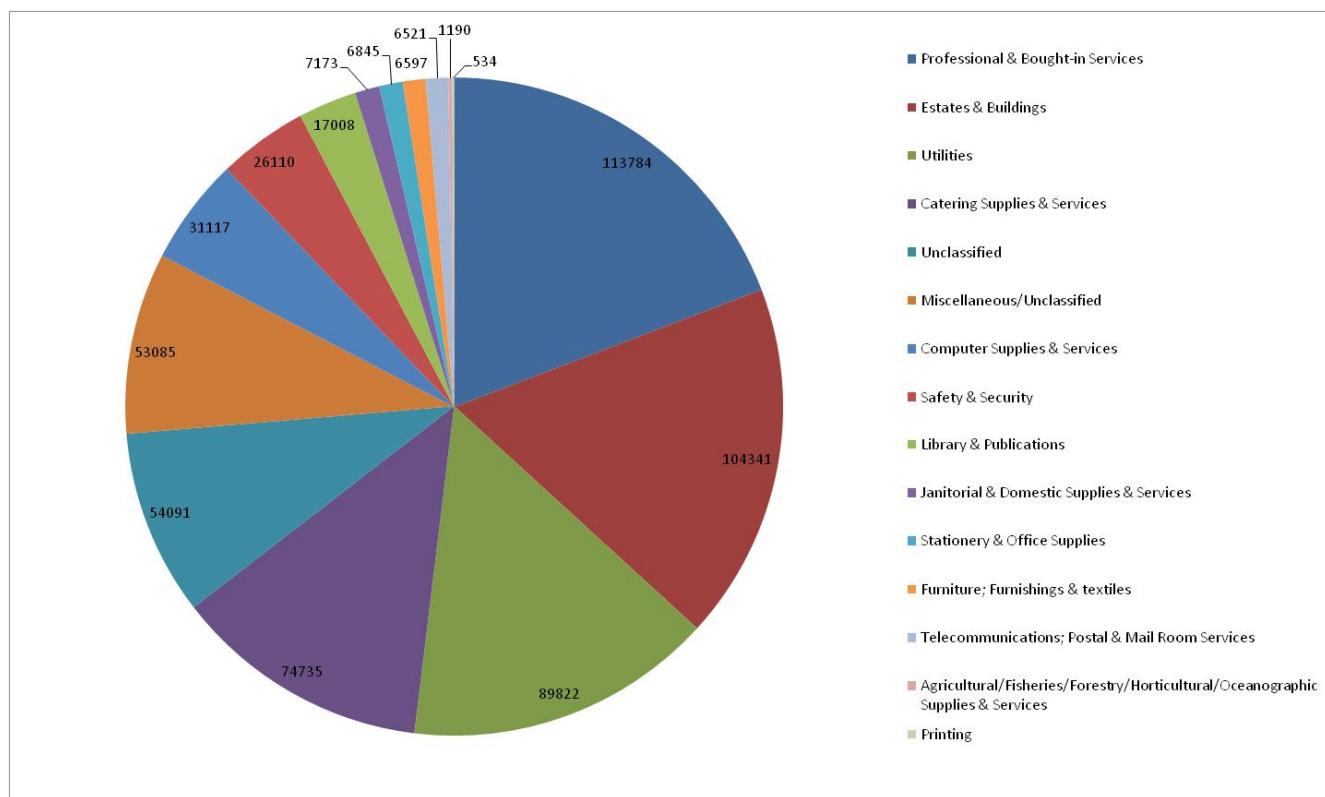
## Medium College with Major Capital Expenditure

Proc-HE Level 1	£ Total
Agricultural/Fisheries/Forestry/Horticultural/Oceanographic Supplies & Services	26653
Catering Supplies & Services	305273
Computer Supplies & Services	692413
Estates & Buildings	7579150
Furniture; Furnishings & textiles	531688
Janitorial & Domestic Supplies & Services	59733
Laboratory/Animal House Supplies & Services	3750
Library & Publications	41230
Miscellaneous/Unclassified	1354090
Printing	17699
Professional & Bought-in Services	897228
Safety & Security	34074
Stationery & Office Supplies	76000
Telecommunications; Postal & Mail Room Services	77175
The Arts; Audio-Visual & Multimedia Supplies and Services	11897
Travel & Transport (incl. Vehicle hire & Subsistence)	52138
Utilities	136274
Vehicles (Purchase; Lease; Contract Hire)	79275
Workshop & Maintenance Supplies (Lab & Estates)	92955
Unclassified	133502
Total	12202197



## Small College

Proc-HE Level 1	£ Total
Professional & Bought-in Services	113784
Estates & Buildings	104341
Utilities	89822
Catering Supplies & Services	74735
Unclassified	54091
Miscellaneous/Unclassified	53085
Computer Supplies & Services	31117
Safety & Security	26110
Library & Publications	17008
Janitorial & Domestic Supplies & Services	7173
Stationery & Office Supplies	6845
Furniture; Furnishings & textiles	6597
Telecommunications; Postal & Mail Room Services	6521
Agricultural/Fisheries/Forestry/Horticultural/Oceanographic Supplies & Services	1190
Printing	534
Total	592953



## 4. Sample Procurement Strategies

### 4.1. One size does not fit all

There is no one-size-fits-all solution to procurement strategy preparation. Fundamentally each strategy should reflect what is important to institutional management and be clearly aligned (and understood throughout the college to be aligned) to the institutional mission, objectives and goals.

The two sample strategies that follow are not meant to be prescriptive either in form or content. They are simple, perhaps minimalist, examples of what would constitute reasonable starting points for procurement strategy implementation. The only real difference between the large/medium college sample and that for the medium/small college is the presumed presence of a procurement ***function*** to manage the role and purpose of the procurement ***process***. This additional resource ought to provide the additional capability to bring more outcomes and actions into scope.

The web references that follow point to actual procurement strategies in place in institutions. They take different forms than the sample strategies shown below. They are also more comprehensive than those shown below. How much detail an institution wants to go into is a matter of choice.

The reference sites are there to illustrate the variety of approaches to procurement strategy presentation and give food for thought.

**Glasgow Caledonian University** - Procurement Manual which incorporates Strategy, Policy and Procedures – a very good example of bringing strategy and process together in one document.

<http://www.gcu.ac.uk/fno/staff/documents/ProcurementManual2009.pdf>

**John Wheatley College** – very detailed and comprehensive strategy showing clear links to institutional objectives and the wider public procurement reform programme.

<http://www.jwheatley.ac.uk/documents/procurement/ProcurementStrategy.pdf>

**University of Aberdeen** - a detailed strategy from a large institution.

Procurement Homepage

<http://www.abdn.ac.uk/procurement/>

Procurement Strategy

<http://www.abdn.ac.uk/procurement/uploads/files/procurement-strategy.pdf>

**University of Plymouth** – exemplar strategy that directly relates to institutional strategic plan showing how the procurement operations directly link into service design and delivery

<http://www.plymouth.ac.uk/files/extranet/docs/SEC/Web%20procurement%20strategy%20A5%20-2009-2012.pdf>

## **4.2. Sample Procurement Strategy**

### **Larger/Medium College with Procurement function**

#### **Introduction**

Analysis of our expenditure with our top [insert number] suppliers shows that in [insert year], **Institution** spent over £[insert amount] on the procurement of goods, works and services.

Procurement is defined as the process of acquiring goods, works and services and this strategy outlines the approach to be taken by buyers within **Institution** in order to obtain best value for money from everything we buy.

Best value procurement will

- be transparent;
- be driven by desired results;
- create the most economically advantageous balance of quality and cost;
- reduce the burden on administrative and monitoring resources;
- lead to simplified or routine transactions;
- encourage open and fair competition;
- follow all appropriate regulations and legislation.

The **Procurement Office** will provide a centre of procurement expertise for the **Institution**, minimising risks and delivering a positive service in support of the **Institution's** mission:

[possibly insert the Institution's mission statement?]

#### **Purpose of the Strategy**

This document aims to ensure that procurement planning reflects the **Institution's** corporate aims and priorities.

This will provide an opportunity not only to co-ordinate current processes but also provide a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are purchased.

It should be noted that this document is not a procurement manual. **Procurement Regulations** are found in the Financial Regulations on the **Institution's** Intranet [insert URL].

This strategy will be reviewed annually.

#### **Strategic Objectives**

1. To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.

2. To facilitate the development of an effective and co-ordinated purchasing effort within the Institution
3. To analyse the Institution's non staff expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk.
4. To develop appropriate management information in order to measure the performance and value for money achieved by the Institution
5. To embed sound ethical, social and environmental policies within the Institution's procurement function and to comply with all relevant UK Legislation in all aspects of Institution purchasing.

## **Strategic Development**

The Procurement Office will be responsible to the Institution's VP or Director of Finance or etc for the implementation of the Procurement Strategy, reporting annually on progress to the Institution's Board of Governors / Finance Committee/Audit Committee.

**Note:** Additional columns may be added to the strategy table to encapsulate "Priority", "Completion Date" and "Responsibility/Ownership". The format and content are for illustrative purposes only and have been kept as succinct and as simple as possible.

## **Strategic Objectives**

**Objective 1** – to promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.

Outcomes	Main Actions & Commitments	Key Performance Indicators
Support Category A and B contracts where appropriate.	Embed procurement policy.	Levels of spend Cat A, B and C contracts.
Procurement practice referenced to 'Procurement Journey' or CoE guidelines.	Embed procurement procedures.	Results from use of customer and supplier feedback processes.
Aggregate purchases (time and volume) to tender at institutional level.	Review annual expenditure Identify key purchases through planning process.	Increased proportion of institutional expenditure that is contracted directly or positively influenced by procurement.
Remove waste as part of normal specification process.	Embed the use of output specifications. Embed the need to challenge requirements.	Increased use of specifications for purchases.

**Objective 2** – to facilitate the development of an effective and co-ordinated purchasing effort within the [Institution](#).

Outcomes	Main Actions & Commitments	Key Performance Indicators
Co-ordinated purchasing activity Information communicated to people who need to know. Suppliers and potential suppliers provided with guidelines and advice on doing business with <a href="#">Institution</a> and with APUC.	Appoint <a href="#">Lead Buyer</a> liaison officers to co-ordinate Procurement initiatives and disseminate Procurement information from external sources e.g. APUC contract and advisory information. Optimise use of intranet to communicate. Clear communication on procurement issues and links on website.	Overall time spent on Procurement activity reduced. Record use made of Public Contracts Scotland and results. % of annual expenditure with new suppliers and with SMEs No of 'hits' on procurement pages.
Maximise opportunities for collaboration.	Participate in work of APUC groups Consider all available Cat A and B contracts when making sourcing decisions Consider local collaborative contracting opportunities e.g. Health, LA etc.	Increased joint procurement activity within local partners. Increased % of expenditure on Cat A and B contracts.
A managed supplier base.	Maintain a strong devolved internal <a href="#">Lead Buyers'</a> network.	Increased proportion of institutional expenditure that is contracted directly or positively influenced by procurement Number of suppliers reduced
Efficient procurement processes in terms of e.g. requisitions, approvals, order and invoicing processes.	Optimise the use of : Electronic requisitioning and approval, e-procurement, e-tendering software system, Procurement Cards, Consolidated invoicing.	Transaction cost of procurement process reduced. Number of orders / invoices reduced.
NVQ training in procurement or CIPS by examination. Use made of APUC training opportunities.	Ensure all staff involved in procurement process can receive appropriate training.	Number of staff qualified or undergoing training. Record of training sessions attended.

**Objective 3** – to analyse the [Institution's](#) non staff expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk.

Outcomes	Main Actions & Commitments	Key Performance Indicators
Undertake 'non-pay' spend analysis.	Include in the annual value for money strategic plan.	% change (reduction) in supplier base. % change of £ expenditure under contract.
Review Spend Categories by commodity and agree appropriate Procurement Strategies, Procurement Plans and Risk Register.	Prepare annual report on supplier analysis to senior management team. Procurement plan targeting efficiency gains produced.	Elimination of non compliant expenditure. Record of achievement against targets.

**Objective 4** – to develop appropriate management information in order to measure the performance and value for money achieved by the [Institution](#).

Outcomes	Main Actions & Commitments	Key Performance Indicators
Use of benefits measurement to record efficiencies generated by procurement activity.	Regular review of benefits and outcomes agreed with APUC account manager.	Regular benefits reports generated for management. Annual reporting.
Annual customer satisfaction questionnaire.	Firm commitment in the Corporate/Finance/Estates annual development plan.	Annual report to Board of Governors/Finance Committee/Audit Committee.
Annual report records achievement against strategic objectives.	Firm commitment in the Corporate/Finance/Estates annual development plan.	Progress made on all strategic objectives and reported annually.
Improved management of Suppliers by means of performance review with key suppliers.	Performance data collated on key suppliers using contract management data – this data regularly discussed with suppliers to manage areas for service improvement or opportunities for innovation.	Enhanced supplier performance e.g. Higher % on time deliveries, Higher % invoice accuracy etc, Lower % faults/complaints.

**Objective 5** – to embed sound ethical, social and environmental policies within the [Institution's](#) procurement process and to comply with all relevant UK legislation in all aspects of [Institution](#) purchasing.

Outcomes	Main Actions & Commitments	Key Performance Indicators
Head of Procurement to provide leadership and policy on sustainability and corporate social responsibilities in <a href="#">Institution's</a> procurement activity.	Contribute to national and CoE initiatives Develop procedures and disseminate good practice throughout the <a href="#">Institution</a>	Head of Procurement's involvement in <a href="#">Institution's</a> initiatives Procedures / Strategies updated and communicated Active participation in APUC and other collaborative network meetings
All the <a href="#">Institution's</a> relevant contracts to be managed in compliance with EU public procurement requirements. All changes to EU procurement legislation and relevant UK legislation reflected in modified internal procedures as appropriate.	Full review of annual expenditure plus all relevant staff to be aware of EU tender limits. On-going monitoring of new EU legislation and new UK legislative standards	Full <a href="#">Institutional</a> EU contract compliance. Full <a href="#">institutional</a> UK legislation and compliance

## **4.3. Sample Procurement Strategy**

### **For medium and small colleges with no dedicated procurement function**

#### **Strategic Context**

The **Institution's** expenditure on bought-in goods and services is £X per annum. At all times the **Institution** has an obligation to ensure that all income, regardless of source, is expended wisely in the best interest of the future direction of the institution with operational evidence of having procured best value.

Best value procurement will

- be transparent;
- be driven by desired results;
- create the most economically advantageous balance of quality and cost;
- reduce the burden on administrative and monitoring resources;
- lead to simplified or routine transactions;
- encourage open and fair competition;
- follow all appropriate regulations and legislation.

The Public Procurement Reform Programme will focus on targeted efficiencies through use of appropriate models and information systems, of effective procurement policies and practices and collaborative contract arrangements.

The **Institution's** mission states that it will [possibly insert mission statement if appropriate]. Cost-effective and best practice procurement is an essential factor in ensuring that the **Institution** makes the most of its limited resources to attract the best students and staff. By purchasing appropriate and reliable goods and services, the **Institution** is able to stretch budgets in support of its teaching, community and business support objectives.

There is currently no specifically assigned responsibility in the form of a procurement specialist within the **Institution**. While purchasing activities are undertaken in a variety of ways within academic and support functions the **VP or D of F or D of Estates etc.** has overall responsibility for the role and purpose of the procurement process within the College. The intention of the Procurement Strategy is to set out a number of key objectives to encourage, monitor and deliver the most effective procurement process.

#### **Strategic Objectives**

1. To promote the delivery of value for money through good procurement practice.
2. To facilitate the development of an effective and co-ordinated purchasing effort within the **Institution**.
3. To analyse the **Institution's** non staff expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk.

4. To develop appropriate management information in order to measure the performance and value for money achieved by the **Institution**.
5. To embed sound ethical, social and environmental policies within the **Institution's** procurement function and to comply with all relevant UK Legislation in all aspects of **Institution** purchasing.

## **Strategic Development**

The **VP or D of F or D of Estates etc** will be responsible to the **Principal** for the implementation of the Procurement Strategy, reporting annually on progress to the **Board of Governors/ Finance Committee/Audit Committee**.

## **Implementation Plan**

<b><u>STRATEGIC OBJECTIVE 1</u></b> - to promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities		
Outcomes	Main Actions & Commitments	Key Performance Indicators
Support Category A and B contracts where appropriate.	Embed procurement policy	Levels of spend Cat A, B and C contracts.
Aggregate purchases (time and volume) to tender at institutional level.	Review annual expenditure Identify key purchases through planning process.	Reduction in tenders.
More use of output specifications.	Use APUC account manager expertise in helping to develop specifications.	Increased use of specifications for purchase..
Procurement practice referenced to 'Procurement Journey' or CoE guidelines.	Embed procurement procedures.	Results from use of customer and supplier feedback processes.

<b><u>STRATEGIC OBJECTIVE 2</u></b> - to facilitate the development of an effective and co-ordinated purchasing effort within the <a href="#">Institution</a>		
Outcomes	Main Actions & Commitments	Key Performance Indicators
Co-ordinated purchasing activity with advice on process communicated internally and externally to present and potential suppliers on how to do business with the college directly or through APUC..	Make best use of internet and website and head of procurement process to engage APUC account manager for support.	Overall time spent on procurement activity in departments reduced.
Maximise use of approved contracts and opportunities for collaboration..	Maintain an up-to-date list of regularly used contracts.	% of spend with contracted and new suppliers. Reduction in supplier base. APUC account manager to provide support on expenditure analysis.
Efficient procurement processes in terms of e.g. requisitions, approvals, order and invoicing processes..	Optimise the use of : Electronic requisitioning and approval, e-procurement, e-tendering software system, Procurement Cards, Consolidated invoicing.	Transaction cost of procurement process reduced. Number of orders / invoices reduced.

<b><u>STRATEGIC OBJECTIVE 3</u></b> – to analyse the <a href="#">Institution's</a> non-pay expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk		
Outcomes	Main Actions & Commitments	Key Performance Indicators
Undertake high level spend analysis.	Work with APUC account manager to develop analysis of expenditure in key categories and their suppliers.	% of expenditure with contract and non-contract suppliers.
Accurate transactional costs known to management	Establish measurement and monitoring processes in respect of procurement transaction processing costs.	Regular management reports produced.

<b><u>STRATEGIC OBJECTIVE 4</u></b> - to develop appropriate management information in order to measure the performance and value for money achieved by the <b>Institution</b>		
Outcomes	Main Actions & Commitments	Key Performance Indicators
Use of benefits measurement to record efficiencies generated by procurement activity.	Regular review of benefits and outcomes agreed with APUC account manager.	Periodic benefits reports generated for management.
Improved management of suppliers by means of performance review with key suppliers.	Performance data collated on key suppliers using contract management data – this data regularly discussed with suppliers to manage areas for service improvement or opportunities for innovation. Support from APUC account manager useful here.	Enhanced supplier performance e.g. Higher % on time deliveries, Higher % invoice accuracy etc., Lower % faults/complaints.
Accurate transactional costs known to management	Establish measurement and monitoring processes in respect of procurement transaction processing costs.	Regular management reports produced.

<b><u>STRATEGIC OBJECTIVE NUMBER 5</u></b> - the <b>VP or D of F or D of Estates etc</b> to provide leadership and policy on sustainability and corporate social and legislative responsibilities in <b>Institution's</b> procurement		
Outcomes	Main Actions & Commitments	Key Performance Indicators
The <b>VP or D of F or D of Estates etc</b> to provide leadership and policy on sustainability and corporate social responsibilities in <b>Institution's</b> procurement.	Contribute to national and CoE initiatives. Develop procedures and disseminate good practice throughout the <b>Institution</b> .	<b>Finance team</b> involvement in <b>Institution</b> initiatives. Procedures / strategy updated. Active participation in procurement network meetings.
Undertake a periodic review of the <b>Institution's</b> procurement initiatives.	Liaise with APUC account manager to ensure that the procurement process remains consistent with rules and regulatory compliance.	Periodic 'gap analysis' review against "Procurement Journey", possibly also with peer institutions through APUC account manager network.

## 5. Working Group Membership

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