

Advanced Procurement
for Universities & Colleges

APUC Operational Procurement Strategy and Action Plan

Status	Draft for Board Approval
Owner	Head of Operational Procurement and Compliance
Consultation	Based on Member Stakeholder Dialogue
Endorsed	[APUC Board]
Publication	July 2018 (for commencement August 2018)
Review Date	June/July 2019

Contents

1. Executive Summary	page 3
2. Core Vision and Mission Statement	page 3
3. Strategic and Operational Context	page 3
4. Strategic Procurement Objectives	page 4
5. Compliance with the Procurement Reform (Scotland) Act	page 5
6. Annual Reporting	page 8
7. Strategy Ownership and Contact Details	page 9
8. Appendix 1 – Action Plan	page 10

1. Executive Summary

This Advanced Procurement for Universities and Colleges (APUC) Operational Procurement Strategy is aligned with the corporate aims and objectives, established collaborative initiatives and necessary regulatory compliance with the Procurement Reform (Scotland) Act 2014. This Strategy was reviewed and approved by the Chief Executive of APUC and the APUC Board in July 2018. The Strategy is the culmination of consultation and engagement with different stakeholder groups within the Higher Education and Further Education (HE/FE) Sector. Through this consultation, APUC's Operational Procurement strategy benefits from exposure to both internal and external scrutiny. This strengthens the understanding of the Strategy and the prospect of achievement of its policies, aims and objectives.

2. Core Vision and Mission Statement

APUC is committed to obtaining value for money in all of its Framework Agreements and transactions, and in conducting its daily business, staff must consider APUC's wider responsibilities in terms of legal, ethical, social, economic and environmental impact. Effective operational procurement will support APUC's key objectives across these important operational dimensions.

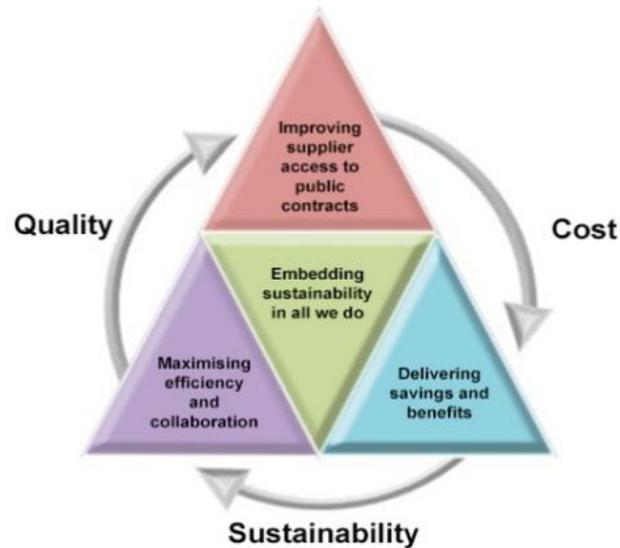
The Core Vision and Mission Statement of APUC is ***“To maximise the value of Scotland's investment in further and higher education by working in partnership with institutions to support and enable sustainable innovation in procurement and shared service optimisation”.***

3. Strategic and Operational Context

This Strategy sets out the strategic approach to operational procurement within a challenging economic, legislative and regulatory environment. The Strategy is used in conjunction with APUC's Delivery Plan and overarching corporate Strategy for 2018-2022 and beyond. The Action Plan element of the Operational Procurement Strategy translates the strategic objectives and desired outcomes into the detailed actions and processes required to maintain a cost-effective (and legally compliant) procurement operation.

APUC is one of the Centres of Procurement Expertise (CoE) formed as a result of the McClelland Review of Public Procurement in Scotland, published in March 2006. APUC was formed in 2007, is owned by all of Scotland's Universities and Colleges. APUC conducts procurement processes on their behalf for the collaborative commodities for which it is responsible and enters into Framework Agreements for its members to have access to. APUC is the key link between the HE/FE sector and Scottish Government in taking forward the Public Procurement Scotland Programme in ways that are supportive to the priorities and structure of the institutional clients. APUC carries out the dual role of representing and enhancing the interests of the client community in procurement matters including taking the lead role in furthering procurement improvements / development and implementation within the HE and FE sectors as well as supporting these sectors in playing their part in implementing relevant government policy around procurement reform.

With regard to Public Procurement in Scotland, APUC works closely with the other sectoral CoE's. These are NHS National Procurement, Scotland Excel (for Local Authorities) and the Government's Scottish Procurement and Commercial Directorate (representing Central Government and NDPB's). This collaborative effort is directed towards the delivery of what is known as the Scottish Model of Procurement, which defines value for money as the best balance of cost, quality and sustainability which is reflected throughout strategy development, reporting and procurement processes. The Scottish Model of Procurement is illustrated in the schematic below.



In addition to this, APUC works collaboratively with all of the other UK regional / specialist HE/FE purchasing consortia (TUCO, TEC, SUPC, LUPC, NWUPC, NEUPC and HEPCW) to ensure best practice, drive value for money and obtain added benefits to our client institutions.

The APUC client institution community has clear service expectations. These expectations form the core scope of APUC's responsibilities and strategic operations and have been arrived at and developed through regular dialogue with senior stakeholders within every client institution in Scotland and the key stakeholders across the Public Procurement Reform Programme.

4. Strategic Procurement Objectives

In order to maintain an optimised, comprehensive service to client institutions, APUC operates through workstreams. The two procurement workstreams to focus on in this Operational Procurement Strategy are Collaborative Contracting and Institutional Procurement Services with specialist enabling workstreams to enhance in the delivery of procurement including eSolutions and Development and Sustainability.

Procurement Workstreams include:

- **Collaborative Contracting:** Aims to provide and contract manage a suite of appropriate Framework Agreements driven by Institutions requirements and needs, informed by user intelligence groups, the Sectors procurement Strategy Groups, supplier involvement and a yearly Contracting Priorities Workshop to establish a forward plan. This is facilitated by an account management approach. Collaborative Contracting operates on a category management basis focussing on Estates, Information Services, Labs, Professional Services and HR.
- **Institutional Procurement Services:** Aims to provide an operational and strategic shared procurement service delivery with client institutions either as an embedded resource or as an account managed service for colleges to provide tender support for high value/above EU threshold tenders, instilling best practice through procurement processes and ad hoc support and assistance.

The main specialist enabling workstreams are:

- **eSolutions:** Aims to provide the eTools to enable (APUC) Collaborative Contracting, (APUC) Institutional Procurement Services and institutional procurement teams to most effectively undertake their roles. This includes systems such as an in-house client interface solution to ensure that all procurement data can be obtained from a single portal, collaborative opportunities can be identified, contract registers can be created in line with the Procurement Reform (Scotland) Act 2014 and procurements can be advertised in an open, fair and transparent manner.
- **Development & Sustainability:** Aims to manage developments in processes, legislation and policy; to disseminate best practice information and to facilitate procurement training for client institutions and APUC procurement specialists; to manage APUC's sustainable procurement development programme, the sector's procurement and commercial improvements programme, the HE/FE sector's trainee procurement management programme and undertake special projects as required.

These workstreams take responsibility, both singly and jointly for activities that underpin four strategic procurement objectives.

- Optimisation of savings and added value benefits through collaboration for Universities and Colleges;
- Consolidation of effective, efficient and appropriately resourced procurement operations;
- To embed sound ethical, social and environmental policies within sectoral procurement and to implement the Sustainable Procurement Duty in Higher Education and Further Education (HE/FE);
- Establishment of robust legal compliance, best practice and supplier engagement.

5. Compliance with the Procurement Reform (Scotland) Act

The inclusion of the following statements in APUC's Operational Procurement Strategy is mandatory to demonstrate how APUC will deliver the requirements of the Procurement Reform (Scotland) Act.

Statement on APUC's general policy on the use of community benefit requirements

For every relevant procurement over £4m, APUC will consider community benefits in all of its Framework Agreements on a proportionate basis. This will include, whenever feasible, ensuring that an Institution undertaking a call off can capture community benefits. APUC gather best practice and work cross-sectorally to help deliver community benefits.

Statement on APUC's general policy on consulting and engaging with those affected by its procurements

For each relevant procurement, APUC will consider, as appropriate, the community affected by the resultant Framework Agreement and ensure, where possible and appropriate, that any affected Institutions/persons are consulted. Such consultation will always be on a scale and approach relevant to the procurement in question. APUC undertake a yearly Contracting Priorities Workshop (CPW) to determine its contracting programme for Cat B and Cat C requirements and holds quarterly procurement strategy groups for the

Universities and Colleges to ensure the needs and requirements of the HE/FE sector are being met. APUC hold a yearly Procurement Network Conference to share best practice and to train the sector and a Customer survey is issued annually to ensure feedback is being received.

Statement on APUC's general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements

Although it is unlawful to require payment of the Living Wage in public sector tenders, APUC recognises the values of and supports actions to enable a well-motivated and dedicated workforce both in its own organisation and in those of its clients and suppliers. Where relevant and proportionate, APUC will consider the fair work practices of suppliers in its procurements, including the application of the Living Wage through its Framework Agreement tender process. APUC also assesses the supply chain through the 'Sustain' Assessment.

Statement on APUC's general policy on promoting compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 (c.37) and any provision made under that Act

APUC is committed to contracting only with suppliers that comply with all appropriate and relevant legislation, including Health and Safety legislation. Where appropriate, and on a Framework Agreement by Framework Agreement basis, APUC will assess the legislation applicable to a procurement and take steps to ensure bidders comply with such legislation which is embedded in the Terms and Conditions and managed through the Contract Management process. Where proportionate, APUC may consider assessing sub-contractors compliance of specific legislation.

Statement on APUC's general policy on the procurement of fairly and ethically traded goods and services

Wherever relevant and possible APUC shall make use of appropriate standards and labels in its procurements to maximise incorporation of fair and ethical trading considerations, and will consider equivalent offerings from suppliers in its tenders and maximise the use of lifecycle costing. APUC will also encourage use of Framework Agreement conditions that provide assurances on fair and ethical supply chains.

Statement on APUC's general policy on how it intends its approach to regulated procurements involving the provision of food to: improve the health, wellbeing and education of communities in the organisation's area; and promote the highest standards of animal welfare

APUC aims to facilitate the supply of healthy, fresh, seasonal, and sustainably grown and ethically harvested food which represents value for money whilst improving the health, wellbeing and education of our teaching and learning communities, coupled with promoting the highest standards of animal welfare. Where appropriate, APUC will embed standards/labels criteria in tender documentation and will work closely with internal stakeholders in Development & Sustainability and external CoE's and UK HE/FE Consortia to ensure similar requirements are flowed out nationally to create standardisation and to ensure compliance.

Statement on APUC's general policy on how it intends to ensure that, so far as is reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented

- Payments due by the authority to a contractor.
- Payments due by a contractor to a sub-contractor.
- Payments due by a sub-contractor to a sub-contractor

APUC complies with the Late Payment requirements and will review on a Framework Agreement by Framework Agreement basis whether such obligations are relevant and should be enforced and monitored further down its supply chain.

Statement on APUC's general policy on how it intends to ensure that its regulated procurements will be carried out in compliance with the sustainable procurement duty

APUC will undertake regulated procurements in compliance with the sustainable procurement duty. Consideration of environmental, social and economic issues and how benefits can be delivered through the procurement activity will be made, where appropriate and on a Framework Agreement by Framework Agreement basis and embed where appropriate. APUC will utilise available tools and systems such as Prioritisation, Life Cycle Impact Mapping, Sustainability Test, Flexible Framework, APUC's Code of Conduct, Sustain and Electronics Watch where relevant and proportionate to the scope of the procurement.

Statement on APUC's policy on how it intends to ensure that its regulated procurements will contribute to the carrying out of its functions and achievements of its purpose.

APUC will analyse third party expenditure, identify 'EU regulated procurements' [Services worth more than £181,302 and works worth more than £4,551,413 as at 01 Jan 2018] and 'lower value regulated procurements' [goods and services worth more than £50,000, works worth more than £2 million].

APUC will sort regulated procurements into procurement categories. APUC has a category management structure in place to deliver Framework Agreements to meet the sector's requirements. It has fully trained procurement professionals to comply with the EU Directives and the Procurement Reform (Scotland) Act and enabling workstreams such as Development & Sustainability for guidance and training and eSolutions for systems and tools. The collaborative contracting team work with other HE/FE Consortia across the UK and across sector CoE's in Scotland to deliver collaboration, best practice and added value benefits. All this assists in the delivery of APUC's strategic objectives.

Statement on APUC's policy on how it intends to ensure that its regulated procurements will deliver value for money.

APUC will make appropriate use of collaborative contracting arrangements (e.g UK HE/FE, national, sectoral or local Framework Agreements to deliver improved contract terms, contract and supplier management, sustainable procurement outcomes and value for money. APUC operates and reports under the Cross Sector Benefits Methodology Model which is used on a cross-sector Scotland wide and UK HE/FE basis to demonstrate both cash and non cash/efficiency savings. APUC is also part of the Scottish cross sector Collaborative Leads Group (CLG) and the UK HE/FE Joint Contracting Group (JCG) which focuses on collaborative working at a Cat A, Cat B and Cat C level to ensure best practice and to drive benefits. Key stakeholders both internal and external, are consulted with at all times to ensure aims and objectives are being achieved.

Statement on APUC's policy on how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination.

APUC will conduct all regulated procurements in compliance with EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition. APUC will utilise portals including PCS and PCS-T to publish its procurement opportunities and shall strive to ensure appropriate use of lotting, output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible. In addition, APUC uses an online evaluation portal to ensure tender responses are evaluated in a fair and transparent manner.

APUC will ensure that it awards regulated procurements only to businesses [and sub-contractors] that are capable, reliable and, where relevant, that can demonstrate that they meet high ethical standards and values in the conduct of their business.

APUC takes steps to make it easier for smaller businesses to bid for Framework Agreements. Legislative constraints preclude preferences for only local suppliers but the local dimension can be addressed through the structure of tenders, the use of Public Contracts Scotland and training.

Statement on APUC's policy on how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner.

APUC will make appropriate use of collaborative contracting arrangements (e.g. UK HE/FE, national, sectoral or local framework agreements or contracts) to deliver improved contract terms, contract and supplier management, sustainable procurement outcomes and value for money.

APUC will utilise portals including PCS and PCS-T to publish its procurement opportunities and shall strive to ensure appropriate use of lotting, output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible. In addition, as noted before, APUC will use an online evaluation portal to ensure tender responses are evaluated in a fair and transparent manner.

APUC will take steps to make it easier for smaller businesses to bid for Framework Agreements. Whilst legislative constraints preclude preferences for only local suppliers, APUC will ensure that through the structure of its tender documentation, the use of PCS and PCS-T and the publication of a contracts register, information to smaller local providers will be available to assist them to build capacity to be able to bid for these requirements.

In addition, APUC acts in a transparent manner by publishing its contracting plan on its website, making documentation available to its clients on the Buyers Portal and issuing its forward plan on the Scottish Government website. APUC encourages the use of PINs to test the market where appropriate and holds Meet the Buyer events where relevant to encourage supplier engagement. APUC also attends wider events such as the supplier development programme and Procurex conference.

6. Annual Reporting

APUC will produce an annual report on progress against the procurement objectives and publish this on APUC's website. This report, produced as soon as practicable after the end of each academic year, will describe how APUC has discharged its obligations under the Act and how it has exercised discretion and judgement as permitted by the public procurement rules to secure strategic objectives in compliance with the Act.

The Annual Report will include -

- a summary of the regulated procurements that have been completed during the year covered by the report,
- a review of whether those procurements complied with APUC's Operational Procurement strategy,
- to the extent that any regulated procurements did not comply, a statement of how APUC intends to ensure that future regulated procurements do comply,
- a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report,
- a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report,
- a summary of the regulated procurements APUC expects to commence in the next two financial years,
- such other information as the Scottish Ministers may by order specify.

7. Strategic Ownership and Contact Details

Claire Skinner

Head of Operational Procurement & Compliance and Deputy Chief Executive

cskinner@acpuc-scot.ac.uk, 0131 442 8969

APPENDIX 1 – ACTION PLAN

Objective	Outcomes	Main Actions & Commitments
Optimisation of savings and added value benefits through collaboration for Universities and Colleges	Analyse Spend profiles and Institutional strategies to identify optimal levels and areas for developing collaborative spend. Then work towards reaching optimum levels using market analysis and end user engagement	To analyse all institutions spend to identify opportunities for developing collaborative spend. Output of the spend analysis offers a platform for enhanced procurement strategy development with institutions. To work towards collaborative spend reaching 70% of optimal targets by mid-2022. Re-analyse and reset targets in 2021
	“C1” -Expand and / or support the expansion of the local, regional and niche commodity collaborative contracting programme	Increase in the number of local, regional and niche commodity collaborative contracts by 20% per year based on 2016/2017 levels. Engage with key customers through the CPW and PSG to define needs and expectations Undertake tendering on a regional basis where required/appropriate Contract manage C1 contracts where appropriate.
	Maximise savings and benefits from delivery of a comprehensive collaborative procurement programme	In an increasingly volatile supply chain, benefits achieved of £8m (BT1) / £20m (BT2) each year
	Continue to optimise routes to market	Fully embed in all possible Framework Agreements, high efficiency “desktop selection” supplier selection methods
	Implement / maintain / further-develop a high effectiveness contract and supplier management programme	Establish an integrated performance and innovation based Responsible Procurement programme with dedicated / focussed resources, commences delivery across all APUC Categories

		<p>Embed Sustainable procurement activity from Strategy through to Contract Management with dedicated expertise</p> <p>Sustainable Champions to be introduced to enhance this process.</p>
	<p>Undertake an optimisation review to ensure that all Frameworks that have effective regional supply chains are tendered in regional lots</p>	<p>Undertake a review of Contracted Framework Agreements in place to determine where regional supply chains would be appropriate.</p> <p>Implement a revised tendering programme considering regional impact and potential lotting based on outcomes of review.</p>
Consolidation of effective, efficient and appropriately resourced procurement operations	<p>Implement a Sustainability / Community Benefits (BT14) reporting programme</p>	<p>To update the Sector's Hunter core reporting tools with BT14 reporting capability.</p> <p>Work with the sector to ensure reporting is recorded across the sector</p>
	<p>Support institutions to move from circa 10% of sector having eInvoicing capability in place in 2017 to facilitate full coverage by April 2020</p>	<p>To support 100% of institutions that have requested to use the PECOS eInvoicing solution and to have eInvoicing capability in place by April 2020</p>
	<p>Develop supply chain focussed GDPR guidance then review the collaborative supply chain to facilitate / contract manage compliance</p>	<p>Develop supply chain focussed GDPR guidance and publish to the sector.</p> <p>APUC will undertake a comprehensive review of its collaborative supply chain to ensure appropriate measures are in operation where appropriate.</p>
	<p>Implement Procurement and Commercial Improvement Programme (PCIP) continuous development programme across Scottish Universities & Colleges</p>	<p>Development plans co-developed with institutional procurement teams and then managed from end 2017 to early 2019</p> <p>Offer PCIP support and guidance to institutions prior to formal PCIP</p> <p>Deliver training to meet identified sector development areas</p>
	<p>Run PCIP re-assessment for all in-scope Universities and Colleges</p>	<p>Increase in average institutional PCIP score versus previous assessment.</p>
To embed sound ethical, social	<p>Bring an increase to, and then maintain deep assessment of ethical / environmental responsible aspects of procurement supply chains.</p>	<p>Prioritised sector suppliers assessed by July 2019 and then maintained ongoing / increasing where necessary.</p>

and environmental policies within collaborative procurement and implement the Sustainable Procurement Duty in Higher Education and Further Education (HE/FE)		<p>Suppliers to be invited to Sustain process, verified and published. Look at sub tier suppliers and their supply chain.</p> <p>New Responsible Procurement/Supply Chain Champions model to be put in place to drive this area forward.</p>
	Develop and Implement a Responsible Procurement Action Plan and work in partnership with other collaborative partners to deliver	<p>A Responsible Procurement Action plan will be developed and then implemented.</p> <p>Delivery will have been maximised by working collaboratively</p>
	<p>Introduce and manage a Supply Chain carbon reduction programme</p> <p>-</p>	<p>To develop tools and category guides to increase effectiveness of key carbon supply chain areas.</p> <p>Implement carbon reduction plans in key target areas from 2018 to 2022 and beyond.</p> <p>To establish content covering carbon and other sustainable areas to be included specifically to each Category.</p>
Establishment of robust legal compliance, best practice and supplier engagement.	Develop and implement eLearning package on tackling Modern Slavery in the Supply Chain	To understand the requirements and develop an eLearning package on tackling Modern Slavery in the Supply Chain which is then available to the sector.
	Deliver a suite of solutions to ensure businesses of all sizes have access to and understand how to bid for sector business	To create on-line content (narrative and video), undertake meet-the-Buyer events and targeted local business awareness sessions to be delivered throughout the life of the strategy across Scotland
	Develop and maintain a platform of eLearning modules for Procurement learning and development	To implement six eLearning modules to be available for the Sector. Modules to be maintained / updated / added to as required then ongoing