



Scottish Universities & Colleges

Procurement Capability Assessments

Summary Report

**July 2010
Final**

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1. Introduction

- 1.1. The Report provides an account of the process followed and the outcomes to emerge in the APUC implementation of a Scotland-wide Procurement Capability Assessment programme in 2009-10, at the behest of the Public Procurement Reform Board.
- 1.2. The PCA approach relates procurement function and process performance characteristics to attributes that are defined to indicate an overall procurement status for each organisation. Section 7 Annex A shows the attributes and how the questions relating to these are distributed across the eight sections of the PCA questionnaire.
- 1.3. The outputs of APUC's implementation of the PCA will provide the HE and FE sectors, individual institutions or groups of institutions with baselines from which procurement capability improvements over time may be objectively assessed and demonstrated. Some of these improvements should be readily realisable and the objective is for each institution to attain the best standards that are appropriate for the scale and complexity of its business.

2. Executive Summary

- 2.1. The PCA programme across 60/62* universities and colleges has proved to be a challenging process for all concerned. The tool itself has proved to be useful, albeit one in need of some refinement prior to further applications. The improvements deemed to be necessary are topics for discussion with the Scottish Government and relate to-

- issues of clarity and consistency of language used in questions and definitions;
- relevance, range and numbers of questions in various sections of the questionnaire;
- the appropriateness of some of the evidence suggested;
- doubts about the need for the full assessment to be carried out for smaller organisations.

* Two colleges are part of local authorities so were formally assessed by Scotland Excel, however APUC undertook a "lite" version PCA of these colleges themselves as the local authority PCA did not consider the college situation in its assessment.

- 2.2. The actual process of assessment resulted in very positive engagement between APUC and the individual institutions. The discussions provided a focus on the areas where improvements might be introduced, what the respective roles and responsibilities might be between the individual universities and colleges on the one hand, and APUC on the other, and how and when to make the improvements happen.

- 2.3. The PCAs have provided useful benchmarks from which institutions may chart their progress over time. They have also served to highlight areas where APUC should facilitate with 'peer-assist' initiatives or provide focused direct and shared service support e.g.

- **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.

- 2.4. The graphs produced in Section 6 Conclusions provide a comparative analysis showing how universities and colleges fared in the PCA in relation to other publicly-funded sectors. The first eight graphs show how the six sectoral groupings – Central Government, Fire and Rescue, Health, Higher and Further Education, Local Authorities and Police – scored in each of the eight sections of the PCA questionnaire. The ninth graph shows the overall sectoral summary and that HE and FE fared comparatively well in the assessment. The action plan now emerging from this first programme aims to secure significant improvements by the time of the next assessment.

3. Background

- 3.1. In July 2009 the Cabinet Secretary for Finance and Sustainable Growth introduced a new, standardised, capability assessment methodology for public procurement. The new Procurement Capability Assessment (PCA) provided a mechanism for identifying areas where organisations could strengthen their approach to procurement through a detailed evaluation of their procurement capability. The assessment methodology had been developed by a working group with representation from each of the publicly funded sectors and Audit Scotland. Centres of Expertise for each sector were asked to undertake the assessments for the respective organisations to which they provide service.
- 3.2. In explaining the rationale for the PCA process, the Cabinet Secretary highlighted the economic challenges and continuing fiscal pressure on all publicly funded organisations and asked that all take advantage of the various tools developed as part of the procurement reform agenda, to help public bodies get the best out of their procurement activity and ensure that procurement is conducted as effectively as possible.

4. Assessment Process

- 4.1. The Scottish Government were initially looking for completion of the first pan-sector application of assessments by the end of 2009. However, it was agreed with Government that those Centres of Expertise with large numbers of client organisations should focus on making a manageable number of assessments that would encompass at least 80% of total sectoral expenditure on goods and services by the December deadline. For APUC this meant carrying out assessments between September and December at all of the higher education institutions (including the Scottish Agricultural College but excluding the Royal Scottish Academy of Music and Drama, the Glasgow School of Art and the Edinburgh College of Art) and at several medium sized and smaller colleges. Such a sample would reflect the institutional diversity and account for 87% of total procurement-related expenditure. The remaining 31 institutions would be completed during early 2010 as Phase 2. The institutions covered by Phase 1 and Phase 2 assessments respectively, are listed at Section 8 Annex B.
- 4.2. Four of the institutions, three universities and a college, agreed to pilot the assessment tool prior to the assessment process proper so that any practical difficulties could be identified and necessary adjustments to questions, interpretation and process highlighted for early attention.
- 4.3. All assessments were conducted on site in the institutions. The assessment questions were issued in advance of assessments to enable assembly of any evidence suggested as required in relation to the individual questions. Guidelines were also issued in advance of each assessment, to assist both assessors and those being assessed.
 - The PCA would take from 2.5 to 5 hours to carry out.
 - The PCA should be used as a tool by both institutions and Centres of Expertise to engage positively with each other. It should be used as a way of building relationships with people in the organisations, not just 'filling in a form'. It is important that the PCA is not seen as a test; instead it should be seen as a conversation or discussion on particular points. APUC would utilise the PCA outcomes as a method of identifying client institution needs and building a client support model around the outcomes.
 - Where possible, dates for future assessments should be agreed around 6 months in advance. This would provide plenty of time for planning and preparation.
 - Assessors would not have to be procurement experts (such expertise helps) but should have good relationship management skills and a conversational competence in procurement e.g. they would need to understand what a good procurement strategy looks like.
 - It was suggested that the PCA should be carried out by 2 people from the CoE. Organisations should be able to determine whoever they feel is required – e.g. head of procurement, procurement staff, head of finance, legal team.
 - Both the assessors and organisations should ensure that they are prepared for the meeting and that expectations are set and have been communicated in advance.

- It would be good practice for interviewees to compile an evidence folder in advance of an assessment. Individuals could then carry out a self assessment in advance and propose and justify their scores if they so wished. If an evidence folder is used, interviewees would be encouraged to update the folder regularly throughout the year to reflect any improvements made.
- Questions should be 'open' and not judgemental or confrontational in nature.
- Individuals should be encouraged to be realistic about their scores because,
 - if one believes oneself to be an expert in a particular area – then others are likely to press for that expertise to be shared with colleagues.
 - APUC would be asking the same questions in the following year and one would probably want to show improvement.
- The PCA objective should be to help develop best practice within an overall improvement programme. A gap analysis report should then be used to feed information back to organisations to identify areas of best practice and areas of focus for the next year.
- If something is 'not applicable', it should be marked as such.
- When marking organisations it would be important for each score to be a definite e.g. if an organisation cannot demonstrate 100% that it is a 2 then it should be marked as a 1. This would prevent a masking of areas for development.
- At the end of each assessment batch a marking normalisation process would be carried out - consistency is crucial and this would apply to the message, communications and output reports.
- Post assessment meetings would be desirable for addressing issues, improvements and next steps.

4.4. A consultation workshop was held on 9 December 2009 to review outcomes from PCA Phase1. A similar event was held on 13 April 2010 to review outcomes from Phase 2 and from the overall programme.

5. Outcomes

- 5.1. While Government encouraged early application of the PCA process, it was recognised that some shared concerns about aspects of the assessment tool would be fully tested once the assessments got under way. The following issues were highlighted by APUC as caveats to the process during the assessments.
- The lack of clarity of language and meaning in several of the questions and/or the definitions of levels of capability associated with them, mean that purpose and relevance sometimes isn't clear; coupled with this is inconsistent use of language and inconsistent degrees of separation between definition levels.
 - The appropriateness and relevance of some of the questions and levels of capability for universities and colleges is questionable, making several questions/status definitions ill-suited to application within the highly devolved procurement processes, yet collegiate styles of management, that apply within colleges and universities.
 - Evidence required in many of the PCA questions/status definitions seems to have tenuous relevance to the matter being assessed.
 - There is an imbalance in the number and range of questions related to the attributes and, therefore, in the weighting that they have in output scores. A solitary question scores proportionately more than questions that are part of a group in the other attribute areas. Areas where there are few questions can disproportionately skew the overall results. (These variations are smoothed when the results are analysed by PCA questionnaire section, as opposed to by attribute, and it is this presentation format that is used in the following tables. Institutions receive the assessment reports in both formats.) Several of the questions seem to be inconsistently categorised while others seem to have considerable overlap.
- 5.2. APUC has prepared a detailed list of corrective proposals based upon the assessment experiences. These proposals are being addressed in consultation with the other sectors.
- 5.3. These imperfections aside, the process of assessment and the results obtained have proved to be salutary. The assessment conversations around questions and answers raised awareness of procurement issues on the one hand and of the diversity of institutional ways of working on the other.
- 5.4. Each institution was provided with identical format summary tables relating to scores against attributes and against each section of the PCA questionnaire (the latter presentation format is outlined in example Figures i, ii and iii below).
- 5.5. The summary tables were supplemented by output reports designed to provide each institution with useful reference points for identifying key focus areas and developing, as appropriate, improvements action plans for 2010. Figure iii illustrates how the scoring positions shown in Figure i would improve with the adoption of the suggested actions. An analysis of the output reports, both individually and in the aggregate, will provide APUC with focus areas for the development of initiatives, in conjunction with the institutions, which will facilitate 'peer-assist' opportunities, provide direct shared service support and/or facilitate knowledge and information transfer across the sectors through training and workshop initiatives. The recently introduced account/client manager roles within APUC were established with the strengthening of capability development very much in mind. An example of an output report is provided at Section 9 Annex C.

Institution	Typical Institution
Date of assessment	

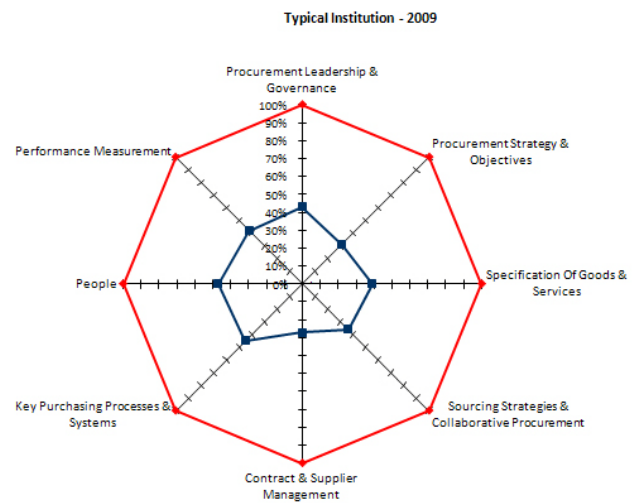
SECTIONS

Sections	Assessed Status			
	Non Conformance	Conformance	Improved Performance	Superior Performance
Section 1 - PROCUREMENT LEADERSHIP & GOVERNANCE				
Section 2 - PROCUREMENT STRATEGY AND OBJECTIVES				
Section 3 - SPECIFICATION OF GOODS AND SERVICES				
Section 4 - SOURCING STRATEGIES AND COLLABORATIVE PROCUREMENT				
Section 5 - CONTRACT AND SUPPLIER MANAGEMENT				
Section 6 - KEY PURCHASING PROCESSES AND SYSTEMS				
Section 7 - PEOPLE				
Section 8 - PERFORMANCE MEASUREMENT				
Overall Procurement Status for the Organisation				
	Non Conformance	Conformance	Improved Performance	Superior Performance

Example Figure i

Scores accumulated from Score Sheet

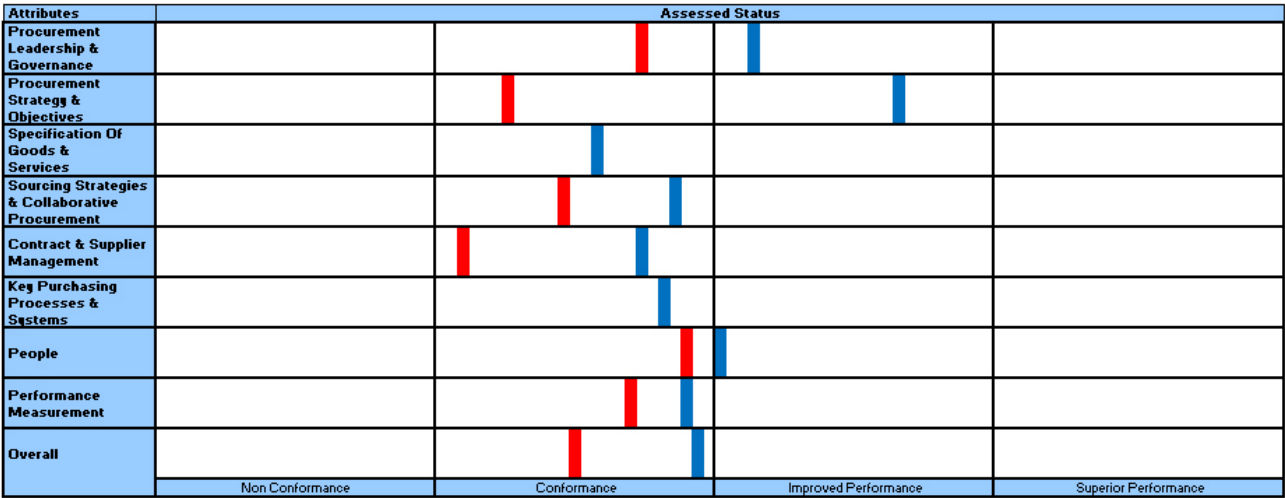
Section	Score	Max	Min
Procurement Leadership & Governance	18	32	8
Procurement Strategy & Objectives	24	28	7
Specification Of Goods & Services	4	8	2
Sourcing Strategies & Collaborative Procurement	44	72	18
Contract & Supplier Management	31	60	15
Key Purchasing Processes & Systems	17	28	7
People	20	32	8
Performance Measurement	14	24	6
Overall	172	284	71



Example Figure ii

Institution	Typical Institution
Date of assessment	
Present (institution)	
Present (CoE)	

McCLELLAND ATTRIBUTES



Note: A single blue bar indicates no change in the score



Example Figure iii

5.6. Each institution was also provided with an illustration of what should be considered operational 'comfort zones' appropriate for organisational size and associated procurement capability. Figure iv shows these these comfort zones for both universities and colleges and how the institutions assessed were mapped against these. Only in a very few instances were scores at or below the lower end of the comfort zones and there were mitigating circumstances in each case; for the most part these were around there being little or no available institutional resource to be allocated to elements of the procurement process.

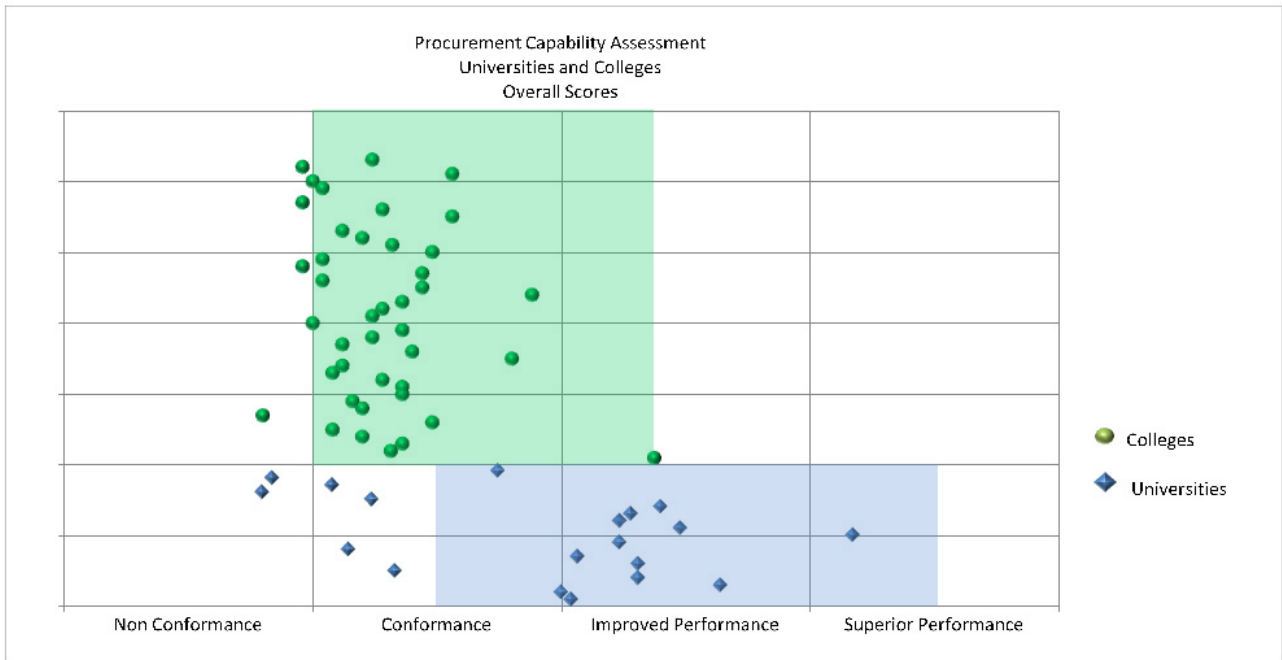


Figure iv

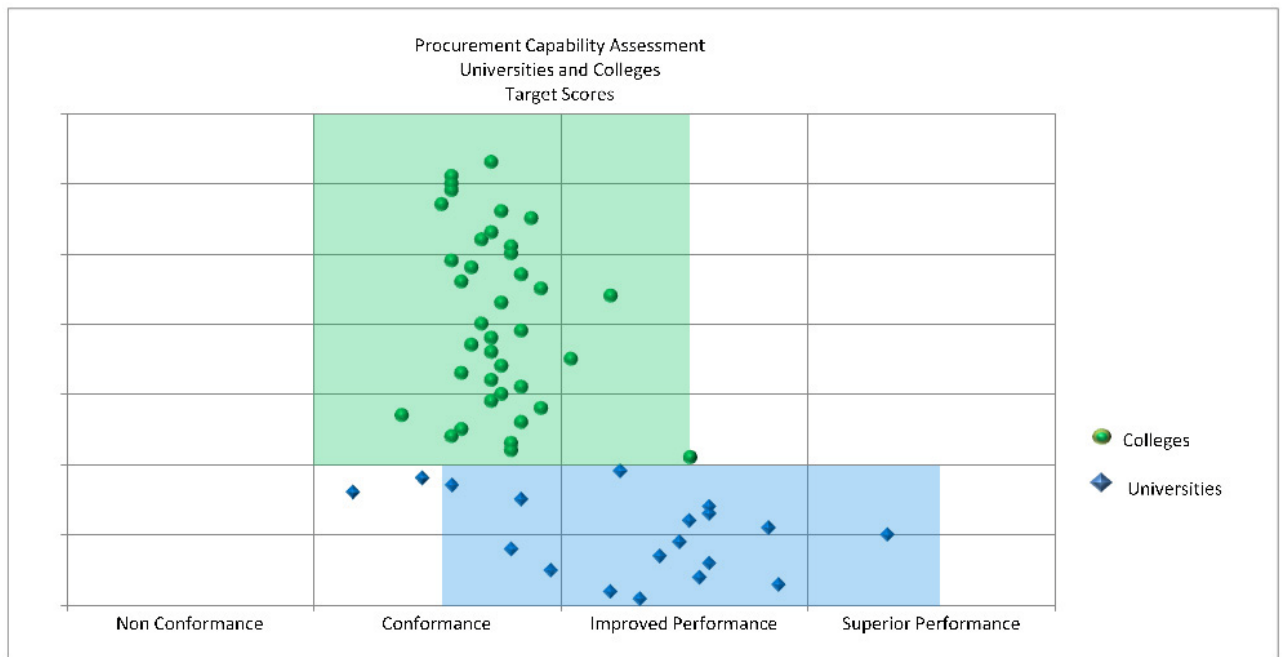


Figure v

5.7. Figure v illustrates the target scores for the universities and colleges given implementation of the specific improvements highlighted in the PCA Output Reports. It is recognised that the improvement programme followed would be in accordance with institutional priorities, the availability of appropriate resource, and may be phased over time.

5.8. Figure vi depicts the average college and university scores while Figures vii and viii present the equivalent information for the colleges and universities respectively and how each will potentially improve through implementation of specific recommendations made and with the provision of APUC shared service support. It is plain to see that in both cases significant improvements to the overall scoring may be readily achieved and consolidated by capability enhancements in a few key areas.

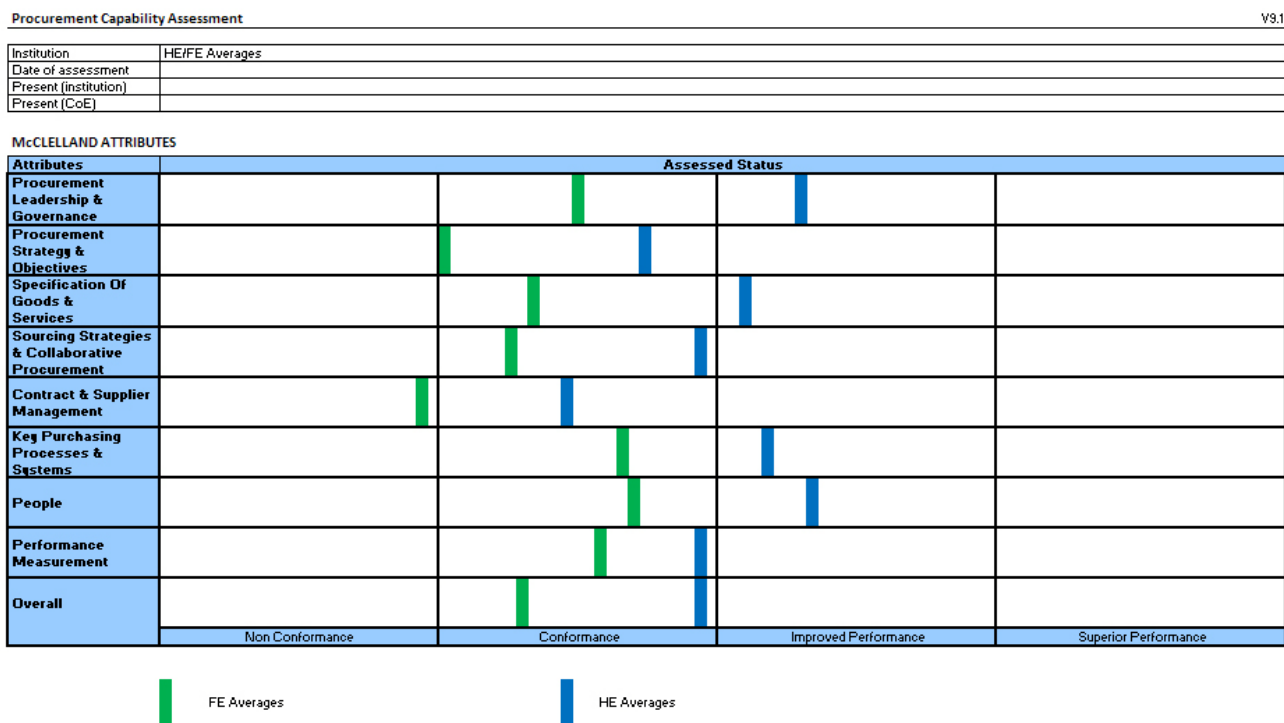
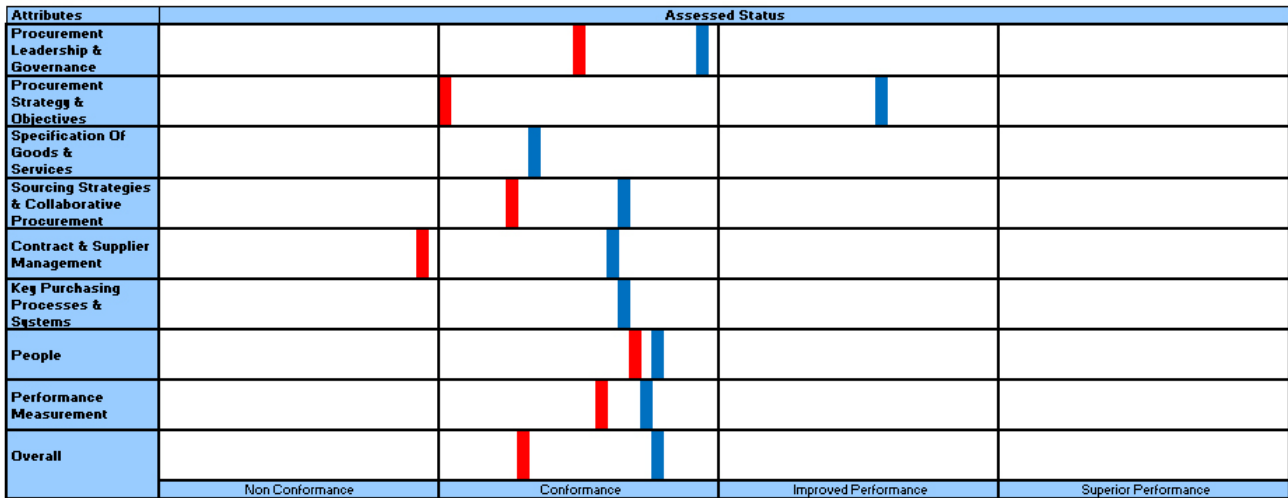


Figure vi

Institution	FE Potential Improvements
Date of assessment	
Present (institution)	
Present (CoE)	

McCLELLAND ATTRIBUTES

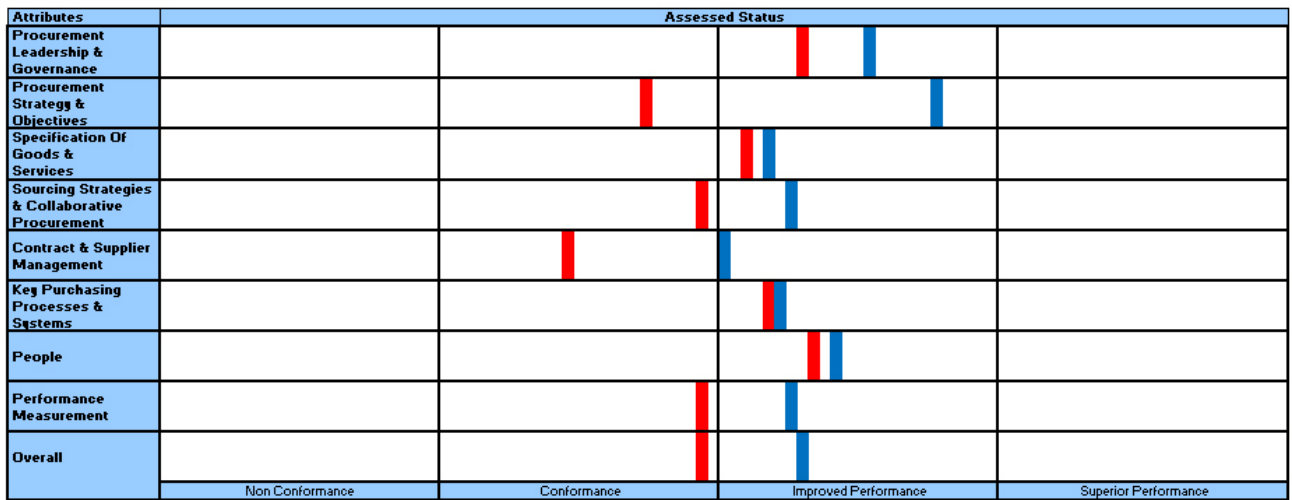


Note: A single blue bar indicates no change in the score

Figure vii (Colleges)

Institution	HE Potential Improvements
Date of assessment	
Present (institution)	
Present (CoE)	

McCLELLAND ATTRIBUTES



Note: A single blue bar indicates no change in the score

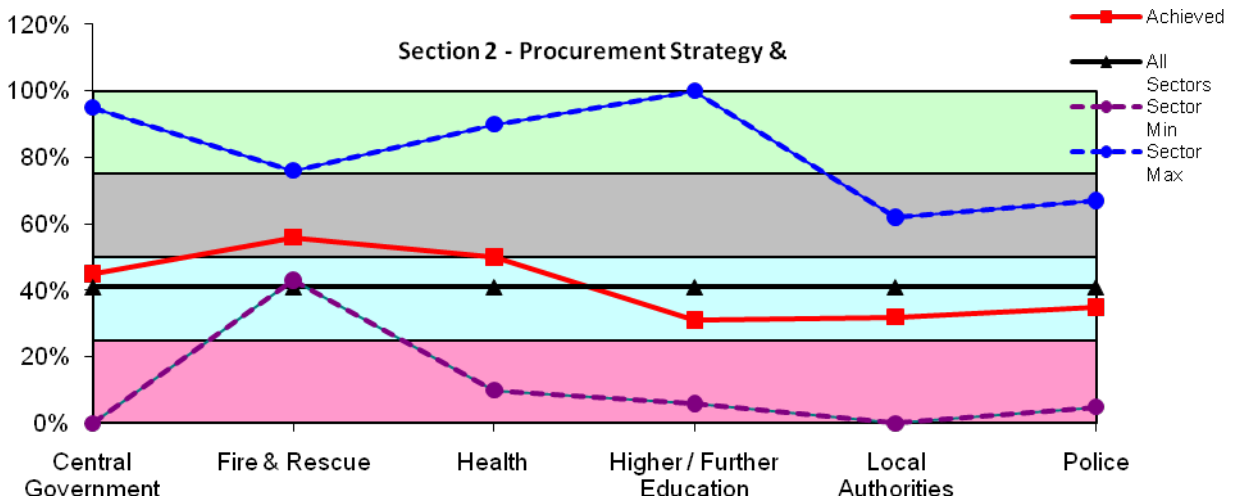
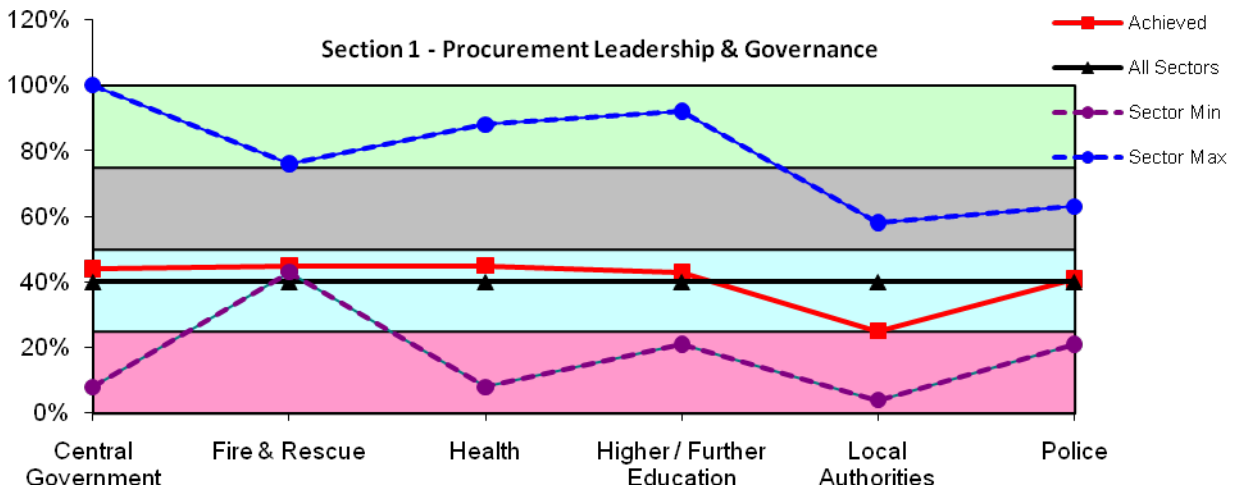
Figure viii (Universities)

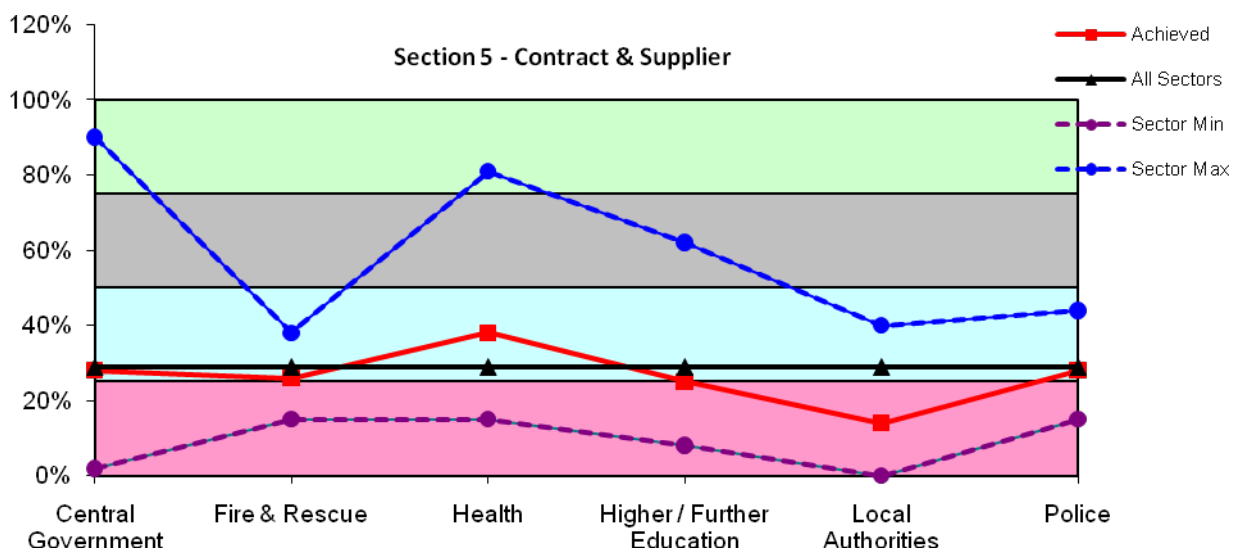
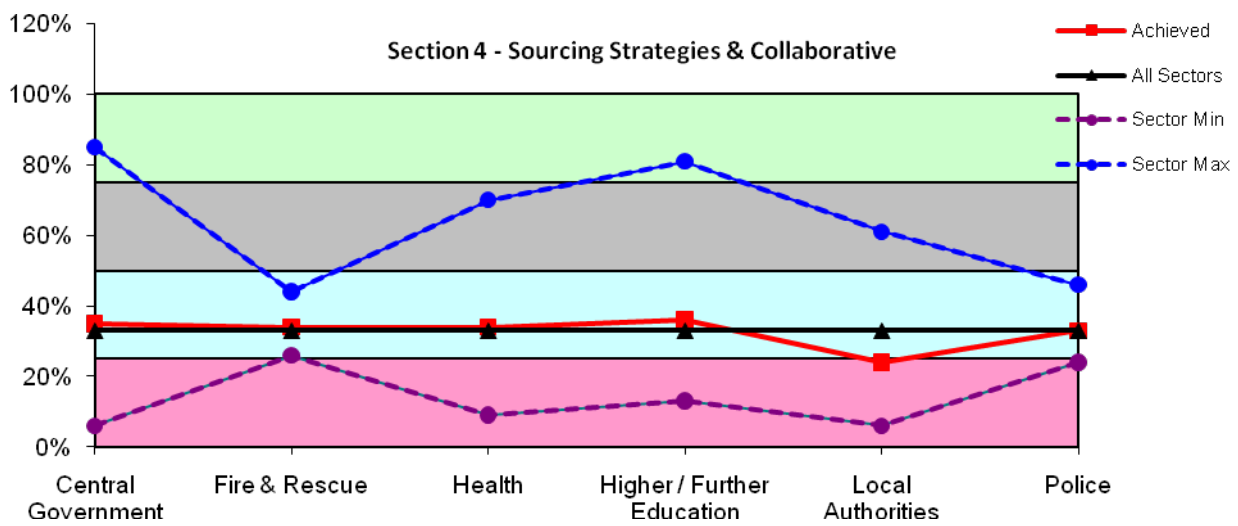
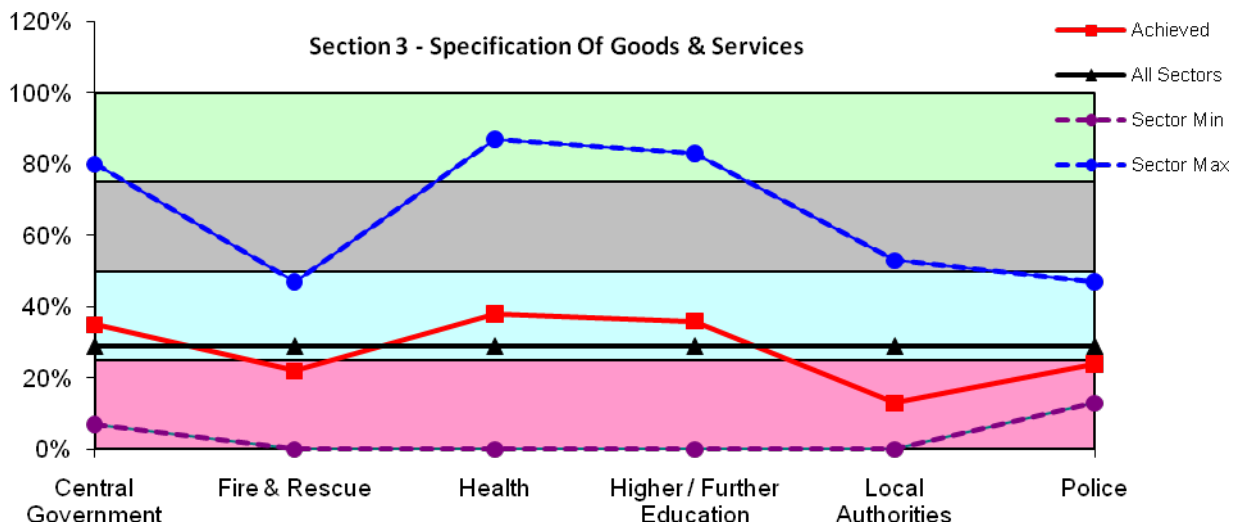
6. Conclusions

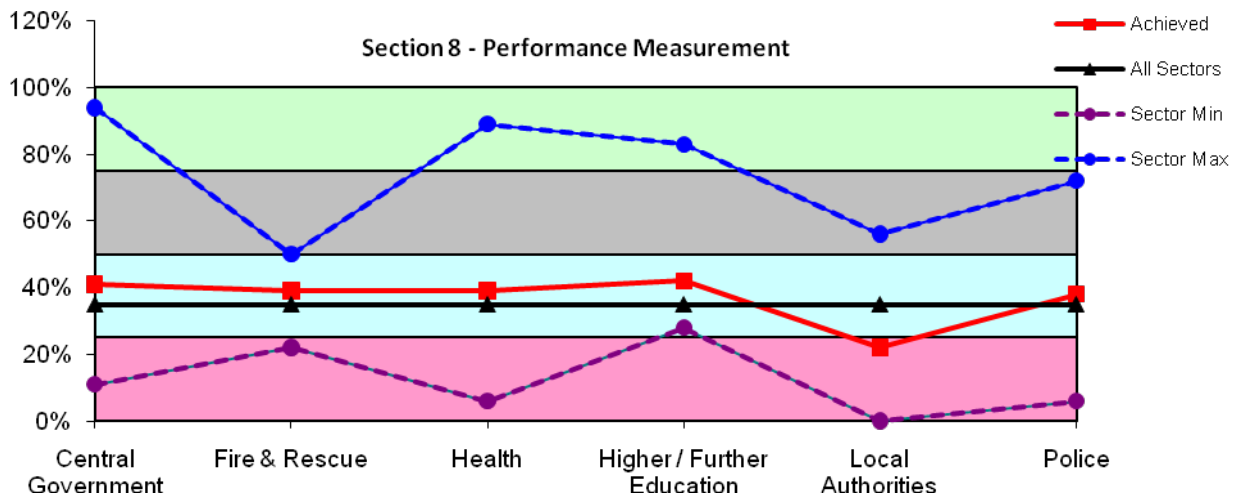
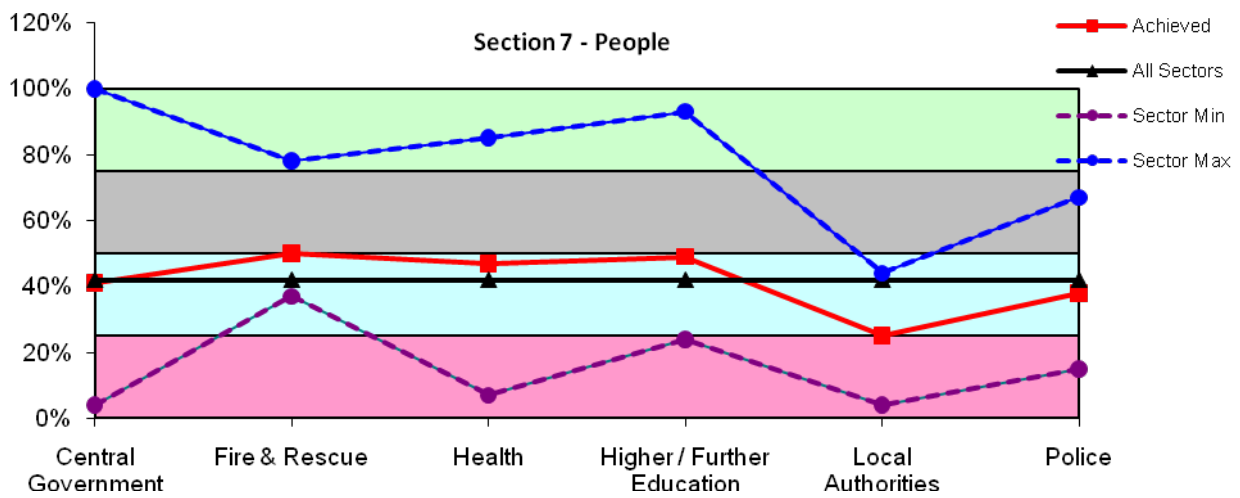
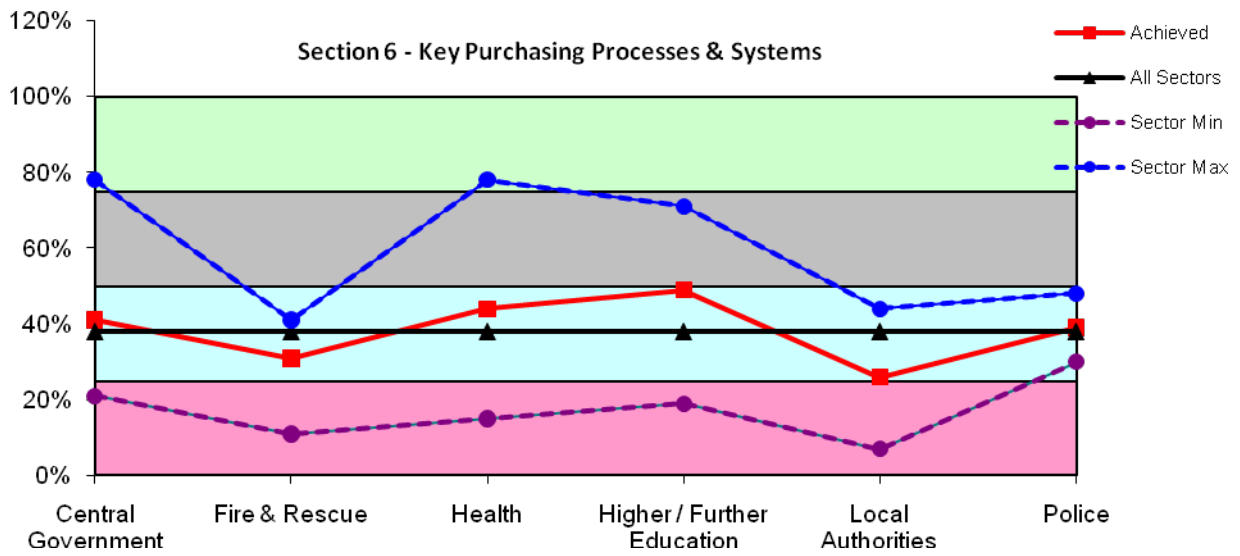
- 6.1. The PCA programme has provided valuable baselines from which both institutions and APUC might make more informed judgments as to the improvements that are necessary and appropriate, the resource required for their implementation, and how these may be prioritised. Many improvements are simple to achieve and will happen naturally through self help, collaborative working with peer institutions, partnership working with APUC and other collaborative activities that take place under the wider public procurement reform programme. Some improvements are more complex and will need to be addressed over time as available resources and planning priorities permit.
- 6.2. The consultation workshops that were held in December 2009 and April 2010 allowed the institutions that had been assessed to talk openly about their experiences of the programme. The general consensus was that, despite early misgivings, they felt that the process had been a very positive one, handled sensitively and fairly by APUC and that it brought useful pointers to the ways in which they could develop procurement in their respective institutions.
- 6.3. A few attribute areas where necessary improvements have been generally highlighted are within:-
- **'Governance'**: The existence of a well documented and comprehensive procurement strategy, that links procurement function and process in a clearly supportive way to the institutional strategic plan and objectives, would raise scores in several strategy related questions within the PCA. The procurement strategy should be linked to clearly expressed objectives and targets for procurement.
 - **'Supplier Strategy and Policy'**: The Sector Procurement Manual & Scottish Public Procurement Toolkit provide useful guidance for the institutions to draw from. Managing suppliers effectively, making optimum use of suppliers as a resource and contract management skills are areas where across-the-board improvements are necessary.
 - Development of **'Reporting and KPI'**: The range and depth of reporting needs to be strengthened. In tandem with this is the need to improve awareness and understanding of what ought to be measured and the relevance of that to subsequent management of procurement process and function.
- 6.4. As a corollary to this, APUC has introduced organisational changes to strengthen its capability to provide shared service support to institutions for development of:-
- documentation and guidance on procurement strategy, objectives and policy;
 - sourcing strategies and contract and supplier management;
 - help with benchmarking, use of expenditure analysis, use of Hub and Portal, BPI reporting, benefits tracking and performance monitoring;
 - advice and guidance on EU legislation, Corporate and Social Responsibility issues, training and skills development requirements.
- 6.5. The PCA programme has identified areas of focus for institutions and APUC to examine in 2009/10 and develop appropriate action plans to introduce improvements. The APUC account/client managers will have key support and advisory roles to play in this process. It is confidently predicted that clear and significant improvements may be anticipated when the 2010/11 assessments are carried out.
- 6.6. In this regard, a proposals-for-change document was submitted by APUC to the Scottish Government in December 2009 with suggestions for a variable approach to PCA (and BPI) processes linked to organisational size. The paper put forward practical solutions/changes that could sustain the value of the PCA programme while reducing the burden of scrutiny falling on the smaller institutions. It is hoped that the proposals will be accepted and implemented in time for the next assessment round.

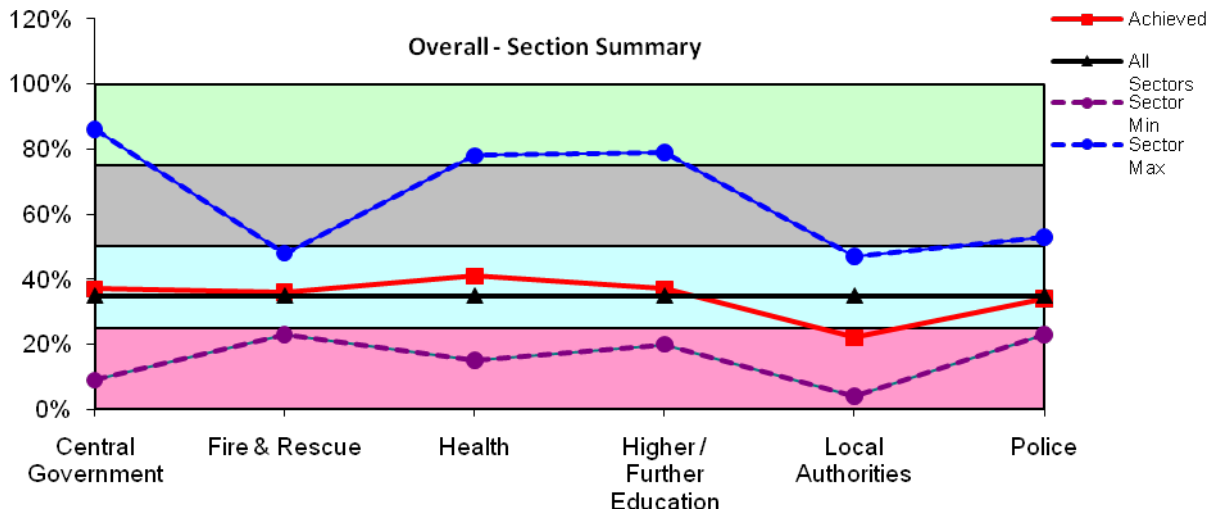
In order to provide some context for the assessment scores for universities and colleges, a comparative analysis showing how HE and FE fared in relation to other publicly-funded sectors is presented graphically below. The first eight graphs show how the six sectoral groupings – Central Government, Fire and Rescue, Health, Higher and Further Education, Local Authorities and Police – scored in each of the eight sections of the PCA questionnaire. The ninth graph shows the overall averages. An early priority for scoring improvements needs to be in Sections 1 - Procurement Leadership and Governance, 2 - Procurement Strategy and Objectives and 5 - Contract and Supplier Management. This gives a clear focus for account/client manager attention and support.

NOTE – in this section the lowest category previously, reported in institutional reports as “non-conformance”, is now referred to as “developing”.

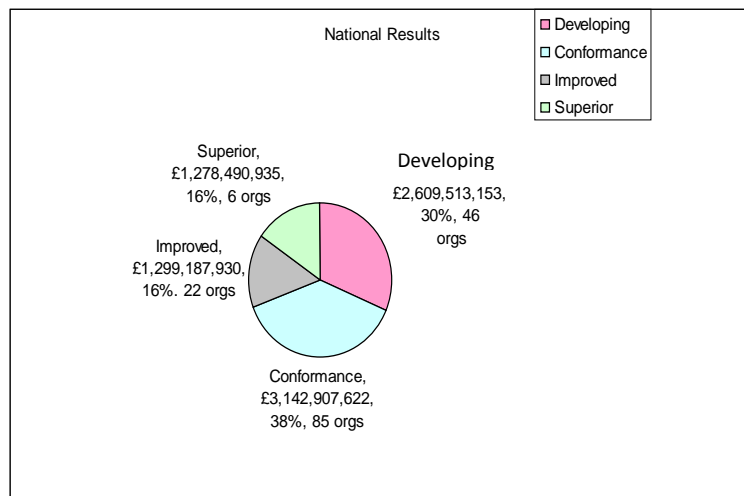




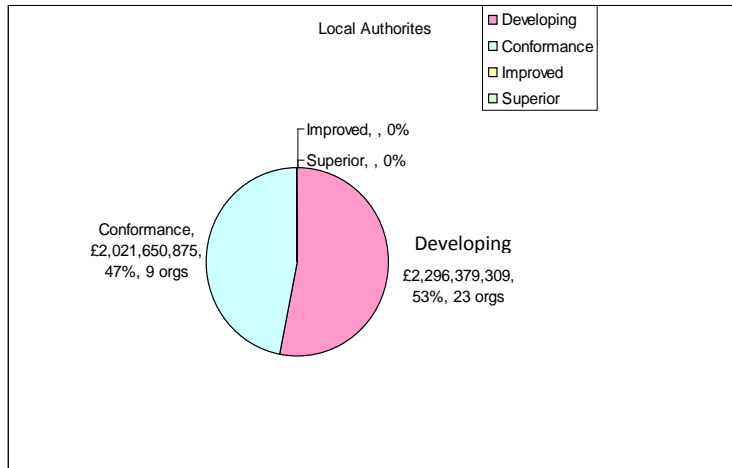




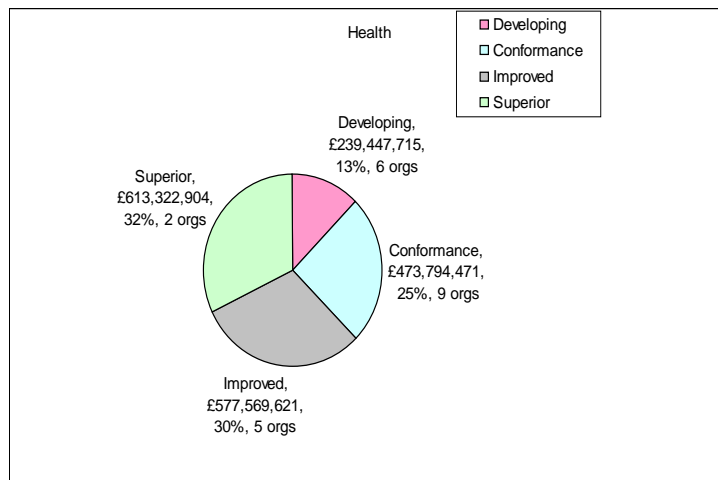
6.7. The graphs below show how the overall spend in each sector is split by organisations scoring in each category. Note that the lowest category has previously been described as 'non-conformance', however this has caused confusion as to the meaning of the category. It has therefore been determined that the lowest category should now be named 'developing' as this provides a more accurate descriptor of organisations in this quadrant. In the HE/FE sector 99% of overall spend is covered by organisations scoring conformant or above.



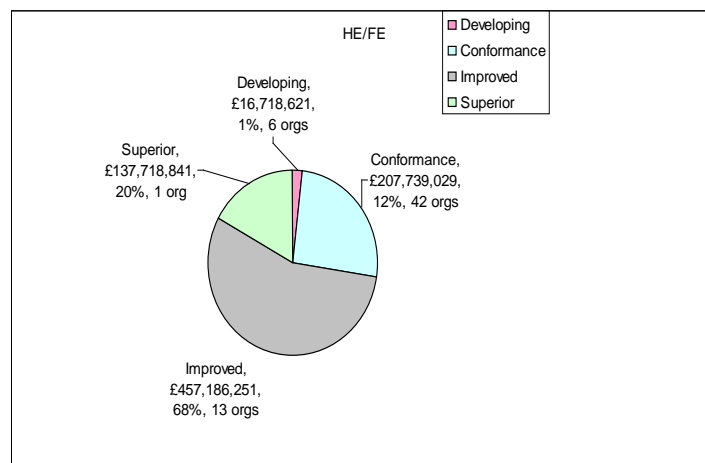
National - 70% spend is conformant or above



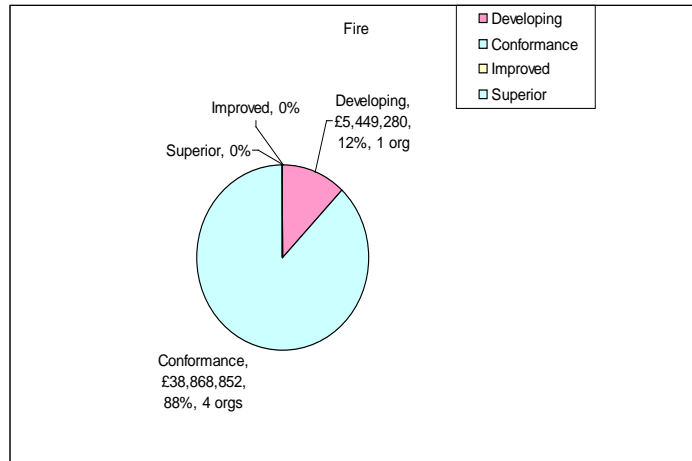
A - 47% spend is conformant or above



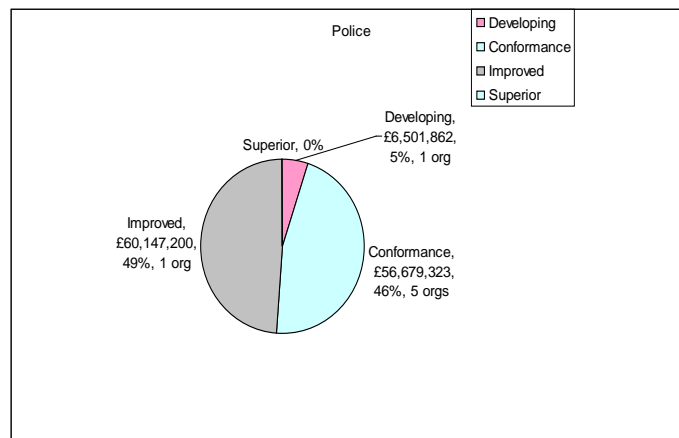
Health – 87% spend is conformant or above



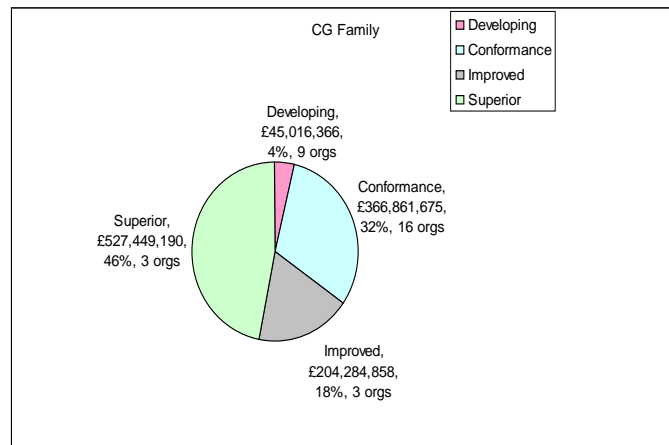
HE/FE – 99% spend is conformant or above



Fire – 88% spend is conformant or above



Police – 95% spend is conformant or above



CGCoPE – 96% spend conformant or above

7. Annex A - List of procurement attributes used to assess procurement process and function

Attributes	Questionnaire Sections								Total
	Procurement Leadership & Governance	Procurement Strategy & Objectives	Specification Of Goods & Services	Sourcing Strategies & Collaborative Procurement	Contract & Supplier Management	Key Purchasing Processes & Systems	People	Performance Measurement	
	Number of attribute-related questions in each section								
Governance		4			3		3		10
Organisational	6	1							7
Resources and Skills					1	1	5		7
Practices and Processes	2		2	8	2	4			18
Information Systems				1		3			4
Collaboration				3					3
Corporate and Social Responsibilities		1		3					4
Reporting and KPI		1			2			1	4
Benchmarking				1					1
EU Legislation							1		1
Supplier Strategy and Policy			2		8				10
Overall Value of Results			1	2		1		5	9
Total	8	7	5	18	16	9	9	6	78

8. Annex B - Phase 1 and Phase 2 Assessments

Phase 1 (Aug - Dec 2009)
University of Edinburgh
University of Glasgow
University of Aberdeen
University of Strathclyde
University of Dundee
University of St Andrews
Heriot Watt University
University of Stirling
Glasgow Caledonian University
The Robert Gordon University
Edinburgh Napier University
University of the West of Scotland
Scottish Agricultural College
Queen Margaret University
University of Abertay Dundee
Edinburgh's Telford College
Aberdeen College
Stevenson College
Anniesland College
Adam Smith College
James Watt College
Borders College
Clydebank College
Elmwood College
Ayr College
Dumfries & Galloway College
Jewel & Esk College
North Glasgow College
South Lanarkshire College
Angus College
Kilmarnock College

Phase 2 (Feb - Apr 2010)
Cardonald College
Carnegie College
Coatbridge College
Dundee College
Edinburgh College of Art
Forth Valley College
Glasgow College of Nautical Studies
Glasgow Metropolitan College
Inverness College
Langside College
Motherwell College
North Highland College
Royal Scottish Academy of Music & Drama
UHI Millennium Institute
West Lothian College
Reid Kerr College
Banff & Buchan College
Glasgow School of Art
Cumbernauld College
Stow College
Perth College
Central College of Commerce
Oatridge College
John Wheatley College
Moray College
Barony College
Lews Castle College
Newbattle Abbey College
Orkney College (may be done under LA PCA)
Shetland College (may be done under LA PCA)
Sabhal Mor Ostaig

9. Annex C - Sample PCA Output Report

PCA Report Sample

A) The College scored comfortably into the 'conformance' zone. However, a few actions can be undertaken at institutional level that will secure some rapid and simple-to-introduce improvements, should the College wish to pursue them. In general it would be useful for the College to review all '0' and '1' scores and reflect on which of these might be the focus for improvement as an early priority.

1. With reference to the McClelland Attributes, especially in relation to procurement 'governance', the College scored less well than in other areas. This is because the existence of a well documented and comprehensive procurement strategy, which links procurement function and process in a clearly supportive way to the corporate strategic plan, aims and objectives, raises scores in a number of strategy related questions. *(It may be useful to examine the enclosed copies of procurement strategy documents produced by the University of Aberdeen and John Wheatley College as two different approaches to consider.)*
2. Develop 'Supplier Strategy and Policy' and 'Practices and Processes'. Sign up to the Suppliers Charter and systematic use of the sector procurement manual and the Scottish Public Sector Toolkits, which provide useful guidance for the institutions to draw from, will be of considerable assistance here. Useful links are provided below.
3. Develop 'Reporting and KPI'. The use of the aforementioned Toolkits will have impact here as will the progressive roll out of BPI reporting, use of the Hub and e-procurement. The procurement strategy should be linked to clearly expressed objectives and targets for procurement.
4. Some scores will progress routinely e.g. 1.2D and 5.2D, with the introduction of BPI 2 and BPI 3 tools, and for most institutions 4.1G will now be possible to score with the recent availability of the Sustainable Procurement Action Plan.

Assistance with these recommendations could come from APUC, through your client relationship manager (CRM), or from a peer institution which has the particular recommendation already in place (your APUC CRM can advise).

B) APUC can work directly with you to enhance capability across the following aspects:

5. Develop use of APUC as a shared service – procurement strategy, objectives and policy development and documentation, sourcing strategies.
6. Develop use of APUC as a shared service – benchmarking.
7. Develop use of APUC as a shared service – source of advice and guidance on EU legislation, Corporate and Social Responsibility issues.
8. Develop use of APUC as a shared service – contract and supplier management.
9. Develop use of APUC as a shared service – expenditure analysis, use of Hub and Portal and BPI reporting.
10. Develop use of APUC as a shared service – training and skills development requirements

Given implementation of improvements in areas 1, 2, 3 and 4 above, the scoring profile for the institution could be improved as shown in the two charts that follow. *[Figures i, ii and iii above would be provided in the actual institutional reports.]* It is recognised that the improvement programme followed will be in accordance with institutional priorities, the availability of appropriate resource and may be phased over time.

APUC Sector Procurement Manual

<http://www.apuc-scot.ac.uk/sector.htm>

Scottish Sustainable Procurement Action Plan

<http://www.scotland.gov.uk/Publications/2009/10/sspap>

Public Contracts Scotland (Portal)

<http://www.publiccontractsscotland.gov.uk/>

Scottish Procurement Directorate (SPD) Supplier Charter

<http://www.scotland.gov.uk/Topics/Government/Procurement/Selling/Supplierscharter2>

SPD Strategic Sourcing Toolkit

<http://www.scotland.gov.uk/Topics/Government/Procurement/Resources/SPDToolkit>

Scottish Procurement Competency Framework – also contains details on training courses available

<http://www.scotland.gov.uk/Topics/Government/Procurement/npcoc/Capability>

PCA – Phase 1 report

APUC produced a report for the Scottish Government on the first phase of Procurement Capability Assessments (PCAs), which were conducted with 31 institutions at the end of 2009. [Please see the report in the Capability Assessment folder on SharePoint.](#)