

University of the Highlands and Islands

Policy reference	UHI PRO/001
Responsible committee and officer	Senior executive team (SET)

Procurement policy

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Current revision author: (if applicable)	Wendy Wallace

Version control

Version	Date	Author	Purpose/change	Policy review date
01	30 May 2011 (original)	Tim Skyrme (Facilities manager)	Initial draft	1 June 2012
02	22 November 2011	Tim Skyrme (Facilities manager)	Addition of sustainable procurement	29 November 2012
03	10 May 2012	Tim Skyrme (Facilities manager)	Change to threshold in figure I.	11 May 2013
04	07 November 2016	Wendy Wallace (Facilities and Procurement Manager)	Changes to job titles and in relation to changes in Procurement Legislation	21 November 2016

Approval

Version	Date approved	Approving committee	Individuals/groups to be notified (if relevant)	Committee officer signature
01	7 June 2011	SET		
02	13 June 2011	ICC		
04	03 March 2016	FGPC (Threshold changes only)		

Note – approval should be sought from senior executive team (SET) for Executive Office policies and executive board (EB) for policies relating to academic partners.

Policy summary

Overview Why is the policy required?	As a public sector body in Scotland, the university is required to adhere to Scottish Government procurement policies and European procurement legislation.
Purpose What will it achieve?	The policy discharges the university's moral, legal and economic duty to ensure that, so far as is reasonably practicable, it follows procurement best practice.
Scope Who does it apply too?	All staff procuring goods or services on behalf of the university.
Consultation/notification Highlight plans/dates	SET – 7 June 2011 ICC – 13 June 2011

	FGPC – 03 March 2016
Implementation and monitoring (including costs)	Detailed in section 2.
Enforcement Detail how the policy will be enforced and who will be responsible	Detailed in section 4.
References (highlight any advice received from external organisations)	The policy has been written by utilising the resources issued by Procurement Scotland and Advanced Procurement for Universities and Colleges (APUC) with certain content being adapted and modified by the university.

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1 Introduction

This is the procurement policy “the policy” of the University of the Highlands and Islands “the university”.

The policy has been written by utilising the resources issued by Procurement Scotland and Advanced Procurement for Universities and Colleges (APUC) with certain content being adapted and modified by the university.

As a member of APUC, the university is working in partnership with this centre of expertise to support the development of advanced procurement across the further and higher education sector in Scotland. This policy has been written in recognition of this support and in order to fully comply with Scottish Government procurement policies and European procurement legislation.

The [Scottish Procurement Policy Handbook](#) (SPPH) sets the fundamental rules, behaviours, and standards applicable to public procurement activity in Scotland whereas in accordance with procurement best practice, this policy provides details of the university’s:

- Procurement leadership and governance;
- People;
- Procurement strategy and objectives;
- Approach to defining its supply needs, including the specification of goods and services;
- Commodity strategy and use of collaborative procurement;
- Key purchasing processes and systems, and
- Contract management.

This policy should be read in conjunction with the university’s [financial regulations](#) and other applicable [policies](#).

All staff are informed of this policy and others during induction, with appropriate information and instructions available on an on-going basis via the staff pages of the university’s website. Staff will be made aware of any changes via the university’s electronic staff newsletter (EchO).

2 Procurement leadership and governance

The university recognises procurement's contribution to achieving best value for money, however, due to the limited resources available to the university, good procurement leadership and governance is dependant on a clear system of delegation and authority

In recognition of this, the university has defined the following roles, responsibilities and reporting lines for procurement.

- The principal and vice-chancellor, and secretary are ultimately responsible for ensuring that, so far as is reasonably practicable, the university follows procurement best practice.
- The director of corporate services is responsible for leading procurement best practice at senior management level.
- Senior managers are responsible for ensuring that they provide clear direction and support for procurement's contribution to achieving best value. They are responsible for ensuring that departments and systems under the supply chain umbrella, including procurement, finance and planning are fully integrated. They are also responsible for making sure that people management and development processes have been established to ensure that, so far as is reasonably practicable, the university is capable of following procurement best practice.
- The internal auditor is responsible for providing assurances to court and the principal and vice-chancellor, through the audit committee, on the adequacy and effectiveness of the arrangements for risk management, control and governance and for economy, efficiency and effectiveness (best value for money), and the extent to which court can rely on these. They are responsible for undertaking an annual risk based plan of work to underpin these opinions and in the course of undertaking this where any significant procurement risks are identified these will be formally reported to senior management and the audit committee. Where deemed appropriate by the internal auditor recommendations for improvement in control will be made.
- The finance and planning department are responsible for ensuring that the necessary purchasing processes and systems as detailed in section 7 are in place.
- The facilities and procurement manager is responsible for providing guidance and support throughout the procurement process as and when requested. They are responsible for maintaining the contracts register.
- The university's finance and general purposes committee will review the policy periodically to ensure that, so far as is reasonably practicable, the university follows procurement best practice.
- All staff should ensure that they comply fully with this policy.

3 People

People management and development processes have been established by the university to ensure that, so far as is reasonably practicable, it is capable of following procurement best practice.

As detailed in section 7, there are well established delegated purchasing processes and systems in place, which are linked to financial thresholds. Delegated purchasers are formally designated within these processes and systems, and before they are given the authority to procure they have to successfully complete an appropriate level of training.

The competency levels of delegated purchasers are assessed on a regular basis as part of the university's performance management process and the identification of procurement duties is also built into the recruitment process. In addition, individual staff objectives that reflect the university's procurement objectives are defined as part of the university's performance management process.

The facilities and procurement manager is required to provide guidance and support on Scottish Government procurement policies and European procurement legislation to colleagues across the university, and therefore they should possess a comprehensive understanding of such legislation. In order to fulfil this duty, they will be allocated the necessary resources in order keep their knowledge current and to the required levels.

4 Procurement strategy and objectives

The university is the United Kingdom's leading integrated university, encompassing further and higher education. We will be recognised for the quality of our students' experience and for their achievement. Our worldwide reputation will be built upon our innovative approach to learning and our distinctive research and curriculum enriched by the people, natural environment, economy, culture and heritage of our region and its communities.

Our mission is to have a transformational impact on the prospects of our region, its economy, its people and its communities.

In order to achieve our mission, environmental development and sustainability is embedded into the university's strategic planning process. To a degree, this aim can be achieved through a sustainable procurement strategy which ensures that the university achieves best value for money whilst furthering such development and sustainability.

A sustainable procurement strategy will allow the university to meet its needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the university, but also to society and the economy, whilst minimising damage to the environment.

In addressing sustainable procurement, the strategy also reinforces the university's health, safety and environmental policy and carbon management plan.

In order to embed sustainable procurement throughout the supply chain, the university is committed to the following strategic objectives:

1. Undertake procurement in accordance with Scottish Government procurement policies and European procurement legislation by developing open and transparent key purchasing processes and systems. Treat all suppliers fairly and equally, and ensure that purchases are undertaken through open and well publicised competition unless there are exceptional circumstances;
2. Take a whole life cycle approach to strategic procurement and raise the profile of sustainable procurement throughout the university;
3. Provide suitably qualified local small and medium sized enterprises (SME's), and supported businesses with the opportunity to tender for the university's business;
4. Identify opportunities for working with others, both in the public and private sector, in order to produce more cost-effective, innovative and sustainable procurement options, and
5. Seek to continually improve procurement performance and ensure procurement activities are integrated.

In order to officially demonstrate senior management's commitment and support to this procurement strategy, a written statement summarising the strategic objectives "the strategy statement" will be signed and dated by the principal and brought to the attention of all staff.

In addition, the university will develop a procurement implementation and action plan (under development), which will detail the outcomes, actions and key performance indicators (KPI's) that are required to ensure that the strategic objectives are met. This will also identify how any corrective actions identified in the annual procurement and commercial improvement plan (PCIP) undertaken by APUC will be remedied.

5 Supply needs, and the specification of goods and services

In order for the university to demonstrate a prudent and well planned approach to defining its supply needs, it may be necessary to form user intelligence groups - particularly for strategic purchases. User intelligence groups are essential where the specification of goods and services as well as contract and supplier performance involves input from different departments within the university. Typically user intelligence groups are 6-8 people strong and cover a range of requirements and viewpoints. This may include representatives from each department, internal stakeholders, end users, the procurement officer and the finance and planning department.

The formation of user intelligence groups should be considered taking account of the value, risk and complexity of the purchase. User intelligence groups are fundamental to the delivery of best value for money in procurement, ensuring specifications and performance meet internal stakeholder and end user requirements.

Further guidance on [user intelligence groups](#) is available from the Scottish Government.

User intelligence groups may also be necessary to ensure that the university is proactive in its approach to the specification of goods and services. Simply accepting and reactively assessing the current goods and services that have been specified as the result of market pressure, is not necessarily the only option available. User intelligence groups may be formed to proactively challenge how the goods and services are specified, again particularly for strategic purchases.

When defining supply needs, it is important to engage with suppliers early in the process and consideration should be given to defining supply needs in terms of output specification. An output specification sets out the delegated purchasers requirements in terms of what they want to achieve, leaving the supplier to suggest how they will deliver those requirements which may in turn lead to an innovative solution. However, it is important to ensure that the goods or services detailed in the output specification are capable of objective assessment so that the performance of the contract and supplier can be accurately monitored.

Accurately monitoring the performance of the contract in terms of objectively assessing what is actually delivered by the supplier against what was originally specified is known as demand management. Without effective demand management it is not possible to determine whether best value for money has been achieved. Therefore, post procurement reviews should be undertaken to identify lessons to be learned from the process and to determine whether planned benefits and best value for money were in fact achieved.

6 Commodity strategy and use of collaborative procurement

The [procurement decision tree](#) should be utilised as a guide to identifying the correct option prior to the procurement of goods and services.

Prior to identifying the appropriate commodity strategy it should be established whether there is a need to procure goods or services i.e. is there a genuine requirement and if so, can an existing internal, unused or surplus resource be utilised?

Specifically, the director of learning and information services (LIS) must be consulted prior to any purchases being made that relate to IT works, goods or services.

If and when a need has been established, the delegated purchaser should work with the facilities and procurement manager to develop a strategy proportionate to the value, complexity and strategic importance of the commodity.

A key stage in developing a commodity strategy is known as strategic positioning. This considers the commodity from both a buyers' and suppliers' perspective in relation to:

- Importance of the commodity to the business;
- The complexity of the requirement;
- The relative power of the buyer/supplier in the marketplace;
- The attractiveness of the business to the supplier, and
- Risks to the business.

Further guidance on developing a commodity strategy, together with any related documents, can be found on the Scottish Government's ['developing a commodity strategy'](#) web-page.

An important consideration when developing a commodity strategy is to establish whether an existing collaborative framework agreement exists and whether:

- They are able to access the framework agreement;
- Doing so would comply with Scottish Government procurement policies and European procurement legislation, and
- The framework agreement represents best value for money.

Such framework agreements may exist already within the university, or have been put in place by APUC and the Scottish Government, or by other sector purchasing consortia, for example, SUPC, LUPC, etc.

Catalogue and external marketplace (punch-out) suppliers listed on PECOS will either be part of a collaborative contract or existing contract agreed by the university. Therefore, non-catalogue suppliers should not be used without a justifiable reason.

To ensure that the university's supply needs are considered before collaborative contracts are created, the facilities and procurement manager will participate in the appropriate user improvement groups and opportunity workshops as arranged by APUC. The facilities and procurement manager's attendance at such events also provides the university with an opportunity to contribute to reviews of proposed contract specifications, supplier performance under contract, opportunities for new collaborative contacts, etc.

Collaborative contracts assist the university in mitigating a number of procurement risks and usually provide a means of procuring goods and services more cost effectively than as an individual purchasing authority and without any significant impact on quality, delivery, etc.

It is important to ensure that the correct procedure is used when calling off from a framework, by following the "buyer's guide". The framework agreement reference must be quoted on the purchase order to ensure the correct contract terms are applied.

A full list of all available collaborative contracts can be found on the [APUC contracts spreadsheet](#)

However, consideration should also be given to utilising suitably qualified local SME's as they may be able to offer lower costs, overheads and response times together with increased flexibility, innovation, and specialised/niche services.

If a local contract is to be utilised then the delegated purchaser should ensure that such a contract:

- Adheres to the university's sustainable procurement strategy;
- Adheres to the university's standard terms and conditions (T&Cs);
- Takes account of the supplier's financial stability, and
- Takes account of other identified risks – legal advice may be required.

The facilities and procurement manager is able to assist delegated purchasers in identifying the appropriate commodity strategy.

It is important to establish the anticipated overall contract value from the outset in order to determine whether the procurement of goods and services will be subject to the EU procurement directive. If the directive applies then a contract notice must be published in the Official Journal of the European Union (OJEU) by publishing an OJEU notice on the Public Contracts Scotland website. The value of such a contract is said to be above the [current OJEU threshold](#).

In addition there will be other factors that determine whether the directive applies. It should be noted that there are rules regarding the aggregation and dis-aggregation of contracts which prevent this practice being used in order to avoid complying with the directive. The facilities and procurement manager should be consulted whenever a website (non OJEU) or OJEU notice is published on the Public Contracts Scotland website as detailed in section 7.

If the anticipated overall contract value is found to be above the current OJEU threshold after a website (non OJEU) notice is published on the Public Contracts Scotland website, then re-starting the purchasing processes would be the most prudent course of action.

The facilities and procurement manager is able to provide further guidance on the Scottish Government procurement policies and European procurement legislation.

7 Key purchasing processes and systems

The university's key purchasing processes and systems put into practice its procurement strategy and objectives. The key purchasing systems used by the university are the:

- Professional Electronic Commerce On-Line System ([PECOS](#))
- [Public Contracts Scotland website](#)

The above systems are classed as e-procurement solutions as they require the minimum of manual processes. Wherever possible the systems have been integrated to actively control and manage the purchasing process.

PECOS is a procure-to-pay (P2P) application, which allows user to raise purchase orders, formally receipt goods and services and process invoices.

Finance and planning should be consulted for guidance on the university's procedures regarding:

- **Raising purchase orders**
- **Receipting goods and services**
- **Processing invoices**

The Public Contracts Scotland website is used to publish:

- The university's buyer profile;
- A European Single Procurement Document (ESPD) ;
- A quick quote, which allows delegated purchasers to obtain competitive quotes electronically for low value and low risk goods and services. Details of the quick quote are created on the website and sent to a selected list of suppliers, who can then complete the required details and submit their quotation using the secure tender post-box. As quick quotes are only distributed to the selected suppliers and are not made public on the website, delegated purchasers should determine whether additional publicity is required depending on the value and risk of the procurement;
- A website (non OJEU) notice, which are openly accessible and allow suppliers the opportunity to browse notices without the need to register. However, in order to register interest in an opportunity, suppliers must first register on the portal;
- An OJEU notice which are also forwarded to the OJEU for publication, and
- A contract award notice which ensures that contracts of a certain value are publicised externally to ensure openness and transparency.

Further guidance on using the Public Contracts Scotland can be found in the guidance document, reference UHI PRO/008 (under development).

In order to ensure that all processes under the supply chain umbrella are fully integrated, the delegated authority limits for the approval of purchase orders (POs) have each been aligned with a specific purchasing process.

Based on guidance obtained from APUC, each purchasing process has been tailored to suit the categorisation of goods and services according to their associated risks and value (figure I). It is the PO authoriser's responsibility to ensure that the relevant purchasing process has been followed.

Figure I.

Total PO or contract value	Authoriser	Key purchasing processes	PO attachment required
£0K - £0.5K	All staff	Obtain 1 written quote direct from supplier. Catalogue/list prices may also be used.	N/A
£0.5K - £1K			
£1K - £5K	Budget holder		
£5K - £25K	Senior manager	Obtain 3 written quotes	Quotes to be attached to the PO in PECOS
£25K - £50k	Secretary	Obtain 3 written quotes by publishing a quick quote on the Public Contracts Scotland website.	Public Contracts Scotland website document ID to be included in the internal comments field in PECOS
£50k – below the current OJEU threshold		Publish a website [non OJEU] notice on the Public Contracts Scotland website.	
Above the current OJEU threshold		Publish an OJEU notice on the Public Contracts Scotland website.	

Note: All values stated are exclusive of value added tax (VAT).

Any information included in the internal comments in PECOS is subject to the Freedom of Information (Scotland) Act 2002. This should be kept in mind when inputting such information which should remain objective at all times and as detailed in figure I.

The Scottish Government have published information to support delegated purchasers in what they term the [procurement journey](#). This information includes a graphical representation of the procurement process (Figure III and IV), templates and guidance to support delegated purchasers. This provides a single source of documentation nationally which is updated on a continual basis reflecting any changes to Scottish Government procurement policy, European procurement legislation and procurement best practice. Therefore, delegated purchasers should use the source documentation provided for every procurement exercise to ensure they are always using the most recent guidance and templates on an on-going basis. Many of the documents required as part of the purchasing process/procurement journey are available at the [Scottish Government's procurement journey website](#). In addition the university has also developed its own set of procurement documents as shown in Figure II.

These documents are available on an on-going basis via the staff pages of the university's website. Staff will be made aware of any changes via the university's electronic staff newsletter (EchO).

Figure II – procurement documents

Document name	Document reference
Procurement policy	UHI PRO/001
Procurement implementation and action plan	UHI PRO/002
Standard terms and conditions (below OJEU threshold)	UHI PRO/003
Standard terms and conditions (above OJEU threshold)	UHI PRO/004
Single tender action (STA) form	UHI PRO/005
Public Contracts Scotland (PCS) flyer	UHI PRO/006
Procurement process (PCS) flyer	UHI PRO/007
Public Contracts Scotland guidance document	UHI PRO/008
Annual procurement report	UHI PRO/009
Brief document	UHI PRO/010
Invitation to quote letter	UHI PRO/011
Invitation to tender (ITT)	UHI PRO/012
Tender evaluation criteria	UHI PRO/013
Pricing schedule	UHI PRO/014
Pre-qualification questionnaire (PQQ)	UHI PRO/015
UHI PRO/016 to UHI PRO/019	
ITT/PQQ evaluation tool	UHI PRO/020
Contract award letter	UHI PRO/021
Preferred tenderer letter	UHI PRO/022
Referee letter	UHI PRO/023
Referee questionnaire	UHI PRO/024
Non- preferred tenderer letter (initial letter)	UHI PRO/025
Non- preferred tenderer letter (detailed feedback letter)	UHI PRO/026
PQQ selection letter	UHI PRO/027
PQQ elimination letter	UHI PRO/028
UHI PRO/029	
Tenderer details form	UHI PRO/030
Form of tender	UHI PRO/031
Referee details form	UHI PRO/032
Parent company guarantee	UHI PRO/033
Non-collusion certificate	UHI PRO/034
Business probity and criminal convictions form	UHI PRO/035
Equality and diversity form	UHI PRO/036
Freedom of information form	UHI PRO/037

It is the responsibility of the delegated purchaser to ensure that any documents created as part of the purchasing process are retained in accordance with the university's records management policy and retention schedule. This includes any contracts or agreements. Full details of any contracts created or frameworks called off from must be passed to the facilities and procurement manager to ensure the university's contract register is kept up to date.

Utilising the full functionality of the Public Contracts Scotland website will assist delegated purchaser in fulfilling this responsibility.

Goods and services exceeding £5K should always be procured through open competition by following the relevant purchasing process unless an existing framework agreement can be utilised or a single tender action (STA) can be justified on the following basis:

- For the supply of goods and services as a matter of extreme urgency caused by unforeseeable circumstances which are not be attributable to the university and where the relevant purchasing process would cause unacceptable delay e.g. after a breakdown, storm, flood, fire, etc.;
- The supplier is the only one known to possess unique or specialised capacity, or the goods and services are unobtainable from any other source and there are no satisfactory alternatives. However, this must have been first tested and the unique or specialised nature of the goods and services cannot be assumed based on historical knowledge;
- If the goods and services to be procured are solely for the purpose of research, experiment, or development but not with the aim of ensuring profitability or to recover research and development costs;
- When the goods and services being procured are a partial replacement or addition to existing goods and services and obtaining these from a different supplier would result in incompatibility or disproportionate technical difficulties in terms of operation and maintenance;
- For the purchase or hire of goods quoted and purchased on a commodity market;
- To take advantage of particularly advantageous terms e.g. in a closing down sale;
- When the contract is the result of a design contest and successful contestants are invited to negotiate the contract;
- When a supplier is required to carry out additional services not included in the original contract and which cannot be carried out or provided separately from those under this contract without major inconvenience to the university or are strictly necessary to the later stages of the performance of that contract;
- And, when a supplier is required to provide a repetition of the service carried out under the original contract.

Where any of these circumstances apply, the reason for failure to hold a competition for the purchase of goods and services exceeding £5K should be documented by completing an STA form. This form should be attached to the PO in PECOS.

Catalogue and external marketplace (punch-out) suppliers listed on PECOS will either be part of a collaborative contract or existing contract agreed by the university. Therefore, the utilisation of these suppliers will also negate the need to undertake one of the above purchasing processes.

Figure III – procurement journey 1 [for purchases up to £25K]

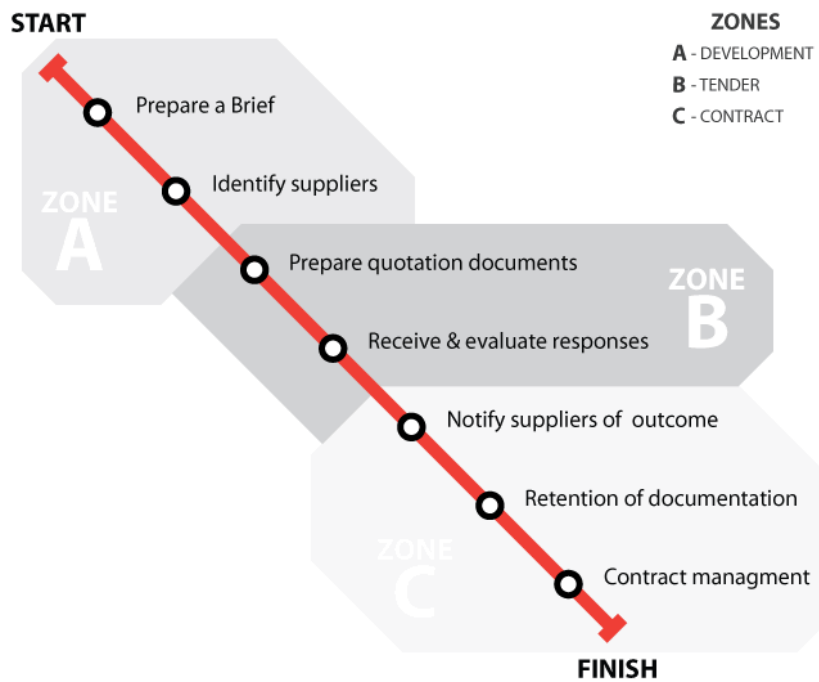


Figure IV – procurement journey 2/3 [for purchases over £25K]



8 Sustainable procurement

Sustainable procurement means taking into account social, economic and environmental considerations as part of the procurement process. This needs to be considered in the total cost of ownership, to ensure future proofing and in the promotion of innovation. When evaluating tenders, considerations on sustainability must be relevant and proportional to the procurement.

This may affect the direction of the procurement exercise and influence the options available. As a matter of good practice sustainability needs to be built in to the earliest stages of the procurement journey, when requirements are being identified and specified.

Delegated purchasers should consider sustainability at the development stage of the procurement journey and by using the source documentation provided they will ensure that any new procurement exercise will be subject to [sustainability test](#).

Further [sustainable procurement guidance](#) is available to assist delegated purchasers in identifying and prioritising the sustainable aspects and impacts of a new procurement exercise.

9 Contract management

Arrangements for contract management may be established locally on a departmental basis.

Contract management will involve monitoring the performance of the contract in terms of objectively assessing what is actually delivered by the supplier against what was originally specified in order to determine whether best value for money has been achieved.

In addition, contracts should be re-tendered at regular intervals i.e. when the contract is due to expire or be renewed. This must be done through open competition by following the relevant purchasing process as detailed in section 7.

Each department should supply information relating to all contracts exceeding £50k for a one off or £12.5k if recurring to the facilities and procurement manager. This information will then be compiled in the form of a contracts register.

This will allow both “on contract” and “off contract” spend to be identified so that support can then be provided to departments to, where appropriate, move “off contract” spend to “on contract”. This will also ensure that the contracts in place within the university are identifiable and monitored to ensure compliance with Scottish Government procurement policies and European procurement legislation.