The University of Edinburgh

Annual Procurement Report

(1 August 2018 to 31July 2019)

Prepared by Karen Bowman and George Sked

Joint Directors of Procurement

Contents

Executive Summary

We aim to meet the needs for goods, services and capital works as a truly global university, rooted in Scotland's capital city and achieve value for money on a whole life basis, generating benefits not only to the University, but making a significant, sustainable and socially responsible contribution locally and globally.

University of Edinburgh Procurement Strategy 2018

The University of Edinburgh has complied with its statutory duties under the Procurement Reform (Scotland) Act 2014. The University Procurement Strategy review annually will take account of the new University Strategy 2030.

Performance under the FY2018-19 procurement strategy met expectations in the seven key objectives (with the exception of recognising partial achievements where new system implementation is needed).

Headline results, explained in detail in the APR are:
Value for money £19.6million; Procurement professional influence on £243million (83% of total). For other staff: new policy on purchasing controls, social responsibility and commercial practice.

Overall Assessment 2019: performance on procurement and commercial improvement plans were assessed (independently) as 80.2% (a 10% improvement on an already high performing team).

Where data is not available this is clearly stated in the report. Looking ahead, risk management and mitigation and customer support or contract management services will be a focus as well as implementing a new core system for the University to deliver changes.

The University of Edinburgh has published a University Procurement Strategy for each year and these are approved by the governing body (the Court) and reviewed by the University Executive through its Procurement Risk Management Executives (PRiME), including relevant subsidiary company members. The University's 2018 procurement strategy was the outcome of consultation and discussion with internal and external stakeholders, who have an interest in our approach to procurement, value for money (balancing cost, quality and sustainability) and our impact for society. This process of review and reporting will inform any adjustments to the procurement strategy deemed necessary to secure future performance improvements and to respond to any economic, political and financial influences to which the University may need to adjust to meet its broader aims and objectives. These are described as impact for society in the FY2018 University Strategic Plan. The University has updated its Strategy 2030 and Zero by 2040 that will be used in future APR reports and procurement strategy reviews.

All figures are nett of VAT unless otherwise stated.

Key achievements: Our procurement strategy delivered in Financial Year 2018-19
- Value for Money efficiencies of £19.6million (*ahead of stretch target £12million*) on a total University procurement activity of around £295million of goods, services and capital works.

- Influenced[1] 83% (£243million of procurement activity) with procurement specialists leading, the remainder is locally managed, within agreed core commercial policy process.

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[1] This is as defined in the Act and supporting statutory guidance, see also table 3 for more information

External assessors on the Procurement and Commercial Improvement Programme benchmark (in March 2019), noted that the University of Edinburgh had the following strengths and opportunities:

Strengths to maintain:	Development areas to pursue:

Procurement has a high profile internally
Procurement activity is well managed
    • developing our staff
    • expect commercial competence
 	
Systems management is effective.
Sustainability is a procurement priority.
	Contract and supplier management to improve
	
	Restructuring and a new core system will
	    • deliver greater control over activity
	    • create conditions for more improvement

The Joint Directors of Procurement (Karen Bowman and George Sked) are responsible for the production of the procurement strategy and this annual report. They are members of the University Finance Director's Senior Management Team and the Finance Executive of the University and convene the Procurement Risk Management Executives.

The Accountable Officer for the University of Edinburgh is the Principal and Vice Chancellor Professor Peter Mathieson.

Statutory Annual Procurement Report (APR)

The Procurement Reform (Scotland) Act 2014 (PRA) requires any publicly funded organisation with an estimated annual regulated[2] spend of £5million or more to develop a procurement strategy and then to review it annually and publish an Annual Procurement Report (APR).

This is the second report of this kind[3] and takes account of the Scottish Government analysis of APRs and recommendations from the Scottish Procurement Policy Notes issued during the year.

University Procurement Strategy Compliance

The objectives of 2018 procurement strategy contributing to the University's aims are being met:

Objectives FY 2018-19	Targets met
• finance transformation project (service excellence)	achieved
• financial controls (Finance projects)	achieved
• improved finance services for users and providers in 'procure to pay'	[1]partial
- simplified or routine transactions using eProcurement tools	maintained
- inviting bids via eCommerce tools (digital first)	maintained
• improved estates capital and services procurement using a common protocol	achieved
• support major IS projects including contributions to Core Systems strategy	achieved
• support improvement in supply chain sustainability and social responsibility	maintained
• increased use of contracts and staff awareness of procurement information and shared benefits of procurement influence	maintained [2]partial

Table notes – where noted as partial achievements

1. Procurement Risk Management Executives agreed that we are *not yet* joined up across all the steps from planning to end-of-life/re-use, and will remain so pending new Core University System (procured for HR, Finance, Procurement, Students).
2. % of spend under influence of procurement specialists was 83% (*2017/18 85%*) due to a focus on capital project growth.

This strategy is reviewed annually by Procurement Risk Management Executives (for the budget holder community), and development areas are agreed and aligned to University strategic planning.

The University has introduced a community benefits in procurement policy, a purchase order policy, and is a Living Wage employer. It has won external awards for its Finance and Procurement actions this year, and relevant ones are described in case studies and listed under 'external recognition' recommendations.

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[2] 'Regulated' procurements are those with an estimated value equal to or greater than £50,000 (over a four-year contract period excluding VAT) for goods & services (or £2,000,000 excluding VAT) for a public works contract.
[3] Previous full year (FY2017/18) data is shown for comparison where appropriate.

The University met its PRA requirements in full and on time during FY2018-19, publishing a:

- Procurement Strategy review
- Annual Procurement Report (for the relevant period)
- Contracts Register
- 'Digital first' portal for supplier expressions of interest, tender process, clarifications and contract awards, and offering eInvoices as required

and

- Handling information requests under Freedom of Information (Scotland) Act,
- Updating a protocol in Estates procurement; implementing changes on our sustainability duties, working with specialists in our Sustainability and Social Responsibility team on supply chains, and on the wider risk of modern slavery.

This report confirms that the University of Edinburgh continues to meet its statutory duties.

The University of Edinburgh new Strategy 2030 was issued on 16th September 2019, and informs our procurement strategy review for future acquisitions and our plans for developing priorities over the next decade. The annual Procurement Strategy reviews will reflect the Strategy 2030.

Regulated Procurement Expenditure

The University of Edinburgh has an annual non-pay spend with trade creditors of £295million (excluding VAT), approximately 83% of which is directly influenced by procurement specialist services, and other procurement is locally managed, under a University core commercial policy.

During the period (FY2018-19), regulated procurements awarded by the University of Edinburgh procurement team are summarised in the following tables and annexes:

Table 1 - Number of regulated procurements of the four main types.
Table 2 - Value of regulated procurements completed during the period.
Table 3 - Overall influenceable or non-regulated expenditure and total trader data.

Annex 1 - *Annual Procurement Reporting *based on Annex A of SPPN4/2019*
Annex 2 – Regulated Procurement Activities contracts awarded in FY2018-19
Annex 3 - Category Strategies, annually reviewed (as at 1 November 2019)
Annex 4 - Forward Procurement Activities FY2019-20 and FY2020-21 (as at 1 November 2019)

Data not included:
*The introduction of new reporting format during 2019, *under Annex A to SPPN4/2019*, was notified in FY2018-19 Q3; data from contracts let prior to or during this FY are therefore not always available due to sector's financial year (Aug. to Jul.) *For ease of reading, we removed APR items if there is no FY data.*

Data included:
All expenditure data is nett of VAT unless otherwise stated.

We include EU or 'lower threshold' PRA regulated procurements and (Mini-tenders, further competition) call-off from collaborative contracts and frameworks, which the University has adopted.

The University has been optimising the use of collaborative contracts and frameworks to source suppliers and to offer eProcurement services. As well as bringing efficiency savings, the burdens of risk and contract or supplier management can be shared within the publicly funded sectors. This reduces the number of resource-intensive formal PRA lower threshold regulated or EU tenders being managed by procurement specialists in a university team. We will use framework agreements that meet the University needs and value for money. We engage at the formation of these agreements and influence sector strategies, through our role in the higher and further education and wider public sector strategic groups.

The University's income and expenditure has grown over the last year and influence on some of the 'hard to reach' categories of spending internally has risen as colleagues use procurement staff to guide them.

£69million of the University spend in FY2018- 19 was routed via collaborative agreements with or without mini-tender call-offs, an increase of £21million from FY2017-18, due to their use on some major projects.

Table 1: New Regulated Procurement
(new projects completed: FY2018-19 and previous year)
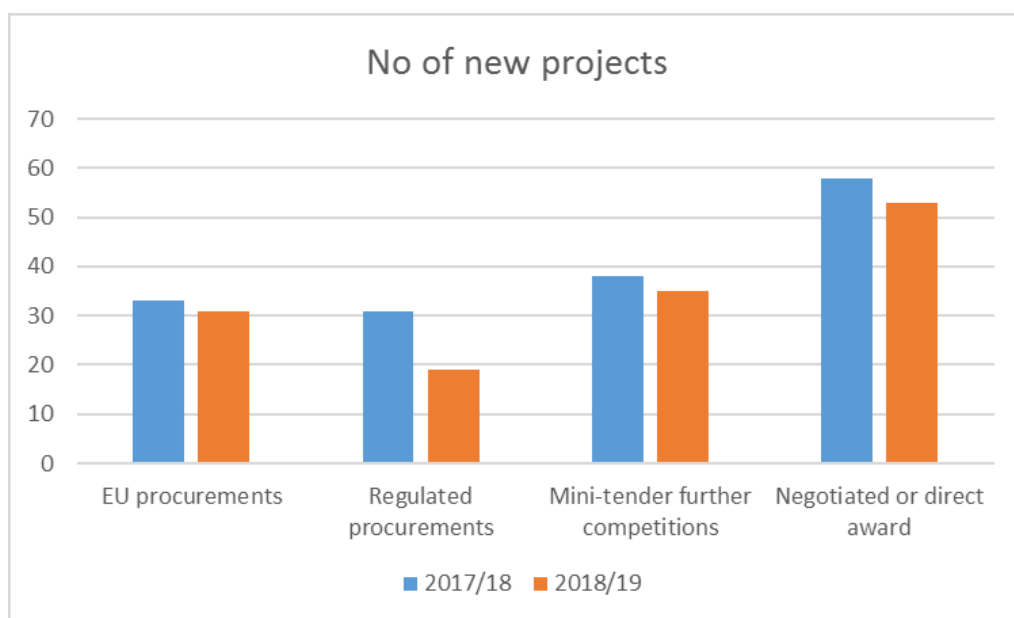
Table 2: New Regulated Procurement (value of projects completed FY2018-19) All data as estimated at award of contract	2018-19 (000s)	Change from previous year (%)	previous year (000s)
EU regulated procurement (£m)	166.5	+53%	108.5
Lower regulated procurements (£m)	4.8	+26%	3.9
Mini-tenders from frameworks (£m)	9.1	-49%	18.0
Totals (£m)	**180.4**	**+38%**	**130.4**

Table 2 notes - applicable thresholds during FY2018-19

EU Threshold - *goods or services £181,302; works £4,551,413*

Lower regulated threshold – goods or services of £50,000, works of £2million under PRA.

Table 3: Total Procurement Expenditure	2018-19 (000s)	Change from previous year (%)	previous year (000s)
Procurement expenditure (£m) ('Influenceable'[1] spend)	294.5	-5.76%	312.5
Regulated expenditure (£m) (Procurement Specialist - Influenced)	243.1	-7.36%	262.4
Non-regulated procurement (£m) (Locally Managed)	51.4	+2.59%	50.1
Number of Trade Creditors N	7,521	+1.77%	7,390
Percentage of procurement % Influenceable expenditure with SMEs	To follow[2]	To follow[2]	47%

Table 3 notes - definitions

[1] 'Influenceable' spend is defined (in the PRA) and in the guidance from sector centre APUC ltd.
[2] Data on small & medium enterprises (SMEs) is provided after Scottish Procurement analysis.

For detailed information on all regulated procurements and category strategies, during the period covered by the report, please refer to Annexes 1 - 3.

Review of Regulated Procurement Compliance

As part of good governance and risk assurance, regulated procurement compliance is reported to the University Executive and the Court's Audit and Risk Committee and an annual Procurement assurance report is made to the University Risk Management Committee.

An annual risk assurance report indicated for FY2018-19 compliance: **Reasonable Assurance**.

Procurement activities are regularly reviewed by the Procurement Risk Management Executives, (PRiME) nominated by our six key budget-holders and our subsidiary companies. This report and annual procurement strategy reviews are carried out by the PRiME for suitable governance.

The University Procurement Office in the Finance Department consults with internal and external stakeholders to identify risks, issues and opportunities for regulated procurements. Our funding bodies and both internal and external auditors scrutinise procurement legal compliance, the use of collaborative contracts, and the benefits of using professional procurement teams in support.

No legal actions were taken against University procurement during the period.

A revision of risk mitigations and business continuity plan was extended into considering finance and procurement mitigations more fully and this is reviewed and updated regularly. External influences such as the preparations for our departure from the European Union, for business continuity, involves working with procurement colleagues across the public sector, NHS, higher & further education, contributing to leadership advice on the University's strategic initiatives.

Community Benefit Summary

The University of Edinburgh has a commitment to make the world a better place through our activity and we have introduced a 'Community Benefits through Procurement' Policy.

Over the past two years, we have developed our approach and a menu of Community Benefits activity, aligning to strategic priorities for the University in community engagement, engagement with students, widening participation, equalities, environmental aims, and supporting **inclusive economic growth**.

In October 2018, we won *Scotland GO Procurement Excellence Award* for Social & Community Benefits in Procurement, and a **Highly Commended** UK Conference on University Procurement Award 2019.

We specifically draw on the strategic vision and unique strengths of higher education's impact for society. The University is a key partner of the *Edinburgh and South East Scotland City Region Deal,* a major investment in the region's infrastructure, skills, housing and innovation. It leads the Data Driven Innovation (DDI) Programme, the innovation component of the City Region Deal programme, with the ambition to position the Edinburgh region as the **Data Capital of Europe**. Community Benefits is a formal component of the City Region Deal partners' commitment to deliver an Inclusive Growth Agenda. The main deliverables from our community benefit opportunities will include commitments on apprenticeships, work experience placements, targeted recruitment (in partnership with the City of Edinburgh Council employability and skills team), student internships, research and innovation, benefits for third sector

organisations, and links to emerging projects from the Edinburgh City Region Deal agreed priority strategies.

Case Study 1 - 3: engaging supplier partners in community benefits

Robertson Group work with our Students as Change Agents initiative: where students from across disciplines have been working with Robertson and the Building Research Establishment (BRE) on ways to design out waste from the construction process.

Balfour Beatty worked on an innovative Circular Economy construction project with the School of Engineering in relation to one of their sites.

Player Layer, our sports clothing supplier: engaged in discussions with the University about strategies to support the future of sustainable and ethical textiles in their industry.

Case Study 4: Community Benefits through an infrastructure procurement dialogue

Networks Project   Using Competitive Dialogue + Community Benefits and global value for money

Finalist GO Scotland Procurement Excellence Infrastructure Award 2019

Outcomes: **Improved Service, Value for Money** and **£473,000 of in-kind benefits,
£50,000 in direct funding contributions for social impact innovation**.

A stable, secure and reliable wired and wireless data network is the key underpinning technology for all of the University's digital services to provide the highest quality learning and teaching environment to our students. An entire new network over the University's wide, complex and diverse estate and community of users, while maintaining network uptime capacity, data, stability and resilience and critical operational services and an environment that is secure, scalable, easily managed and auditable over the longer term was a challenge, but we expected more. Via a competitive dialogue approach we gained other benefits:

Agreed governance and engagement structure with representation from both bidder and manufacturer,

Agreed terms and conditions with appropriate protection mechanisms,

Agreed governance structure for delivery of community benefits. Commitment from both manufacturer and bidder to resource and deliver agreed community benefits, and have that delivered through a contracted supplier.

Commitment to engage with *Electronicswatch* and leverage engagement with key distributors and manufacturers to move processes and standards to collaborate with civil society monitors in production regions, to protect the rights of workers in their electronics supply chain.

For more information see our web pages on Community Benefits and Fair Working Practices

Supported Business Summary

The University of Edinburgh was one of Scotland's first 'Fairtrade' Universities and we have been pro-active in encouraging the use of supported business (SB). In areas where we know there is a supported business available, such as from the Scottish Procurement Supported Business framework, we will alert clients to that option for due consideration, this is routinely part of contract strategy reviews year on year. We have trialled this approach, awarding an SB contract to Haven Documents Service in March 2018.

Throughout FY2018-19, we have delivered and managed this contract, which has demonstrated the top-level service these businesses can provide in customer satisfaction, as we reported last year. Subsequently, we have more actively engaged with the Scottish Government's Supported Business team about expanding these opportunities. We met with Social Enterprise organisations like *Big Issue Invest* and *Social Investment Scotland* to expand opportunities for Social Enterprises that may qualify as supported businesses and could engage in wider public contracting opportunities.

For more information on our Sustainable Procurement, see the Additional Progress Reports.

Future Regulated Procurements Summary

We are presenting in Annex 4, projects for the next two financial years – FY2019-20 and FY2020-21 which are based on anticipated plans at this point, although not all are firm. As a result, we only project future regulated procurements where there is sufficient certainty, and this is therefore subject to change.

For new procurement opportunities at the University, please see our entries in the Public Contracts Scotland (PCS) portal or for live contracts see our contracts register, at the links below:

Public Contracts Scotland portal – University of Edinburgh

University of Edinburgh Contracts Register

Value for Money Summary

The University of Edinburgh was the first UK University to have a Director of Procurement and it invests in specific university-wide Procurement Office (Finance Department) led initiatives, which resulted in Value for Money (VfM) efficiencies of ~ **£19.6** million during FY2018-19, mainly from the higher value competitive tenders. Other savings are achieved through access to collaborative contracts with APUC, other institutions and wider public sectors.

VfM is calculated on the Scottish Government and Higher Education Procurement standards for consistency of approach. It is reported annually to the overall Policy and Resources Committee.

Case Study 6-7 - Value for Money exemplars

Whole Life Cost approach - equipment and installation saving identified efficiencies of £276,000

A Linear Accelerator (Linac) is a radiotherapy machine for use in cancer treatments and has been the cornerstone of the success of the Riddell Swann Veterinary Cancer Centre based at the R(D)SVS Easter Bush Campus. We are one of the largest and busiest comprehensive veterinary education and veterinary cancer centres in Europe, attracting patients from across the UK.

In our clinical service risk analysis, we commissioned an external radiotherapy consultant, to review our 10year old radiotherapy equipment, which was operational but in need of a refresh. We consulted the Hospital for Small Animals, Vet School, our Radiotherapy Consultant and the NHS, we opted to proceed with a justified non-competitive action.

We began negotiations and targeted the service contract as a means of making significant savings. Following deliberation, the supplier included substantial extended warranties, reducing annual service and support costs over a 6year contract, and provided special arrangements for on-site training to suit.

Market research and open tender – for vital medical research identified efficiencies of £237,000

Motor neurone disease (MND) is a rapidly progressive and fatal disease characterised by selective motor neurone loss. Lifetime risk is estimated at 1 in 400. There is no cure and the sole licensed therapy (Riluzole) prolongs life by only 2-3 months. Given the failure of over 50 trials in 20 years for MND there is a need for innovation in both selection of putative neuroprotective interventions as well as clinical trial design to accelerate options for novel therapies for this devastating and fatal disease.

Adaptive clinical trial design, pioneered in cancer medicine studies, allows protocols to be more strategic, flexible, cost-effective and efficient but are challenging to manage robustly. Two drugs emerged worthy of further study, and a commercial partner was required to ensure appropriate manufacturing and study process and method are used within rigorous controls, in a randomised double blind placebo controlled trial by manufacturing two drugs and a placebo over the 3 year study; a study which got ethical approvals.

The clients understandably wished to reduce risk by an award directly to a familiar company. After market research and open dialogue, it was concluded that we would obtain best value by an EU Open competitive Tender. This identified a highly reputable supplier who won the tender with an exceptional response and a 47.5% saving over the next best bid.

Service Excellence Programme

Our Service Excellence Programme is an essential component of our University 2030 strategy and aims to make our University an even better place to study and work. With a focus on creating unified professional services across the University, the programme will deliver change and improvement that will make it easier for our students to join and study with us, make life easier for our staff and help reduce costs so that we can focus investment in other important areas. Procurement leaders are actively engaged in the design of the new ways of working.

Core System – procuring software as a service

Winner of the Conference on University Procurement Innovation Award 2019

The new ways of working and a Core System competitive dialogue process, design and implementation was encouraged to deliver more digitalisation so that the University can operate up to the global standard for procurement (per *Chartered Institute of Procurement & Supply*) on an agreed methodology to apply to acquiring all goods, services or works.

We have made significant progress in the last 12 months, seeing the focus shift firmly from planning to delivery of successful projects. Most significantly, following a comprehensive procurement process in a competitive dialogue procurement, our Core Systems Programme is now well underway. Over 250 experts from across the University are now working with our technology partners, *InoApps* and *Oracle*, supporting the design and delivery of a new system for Finance including Procurement, Payroll and for Human Resources that will underpin and enable new services and process efficiencies.

The Finance Transformation Programme introduced a new single Finance help desk service in January 2019 and have a number of other initiatives underway to help deliver expert services, with e-procurement efficiency services[4] now merged with the Finance Systems team which is headed up by the former Assistant Director of Procurement (eProcurement efficiency).

The University procurement services are to be enhanced by creating two senior posts for collaborative procurement hub services and contract management services during FY2019-20.

We have begun to review our internal policies and communications and University Procurement Strategy and Annual Procurement Reports will be enhanced by this development over coming years.

The Procurement and Commercial Improvement Programme (PCIP) benchmark assessment has recognised this as a potential step change to delivering a high performing procurement service.

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[4] This delivered a new Finance Systems First Line Support and System Administration structure.

Additional Progress Reports:

Sustainability Duty Report

The University's Procurement Strategy 2016-18 makes commitments to procure goods and services in ways that maximize efficiency and effectiveness while minimizing social, environmental and other risks.

Our future strategic plans will contribute to the University's Strategy 2030 for our graduates, and the knowledge we discover with our partners, to make the world a better place and for our institution to become zero carbon in a Zero by 2040 Climate Strategy, and support UN sustainable development goals.

Major policy changes and higher risk mitigations are approved and monitored by a senior stakeholder group, the SRS Committee which includes the Joint Director of Procurement and the Finance Director.

Zero by 2040: The procurement specialists support the climate objectives by concentrating efforts e.g. in reduction of climate impact where it is mainly found (say) in the University's Estate as shown in the Estates Procurement Strategy for Sustainable Estates, Energy Efficiency Programme here

In FY2019-20, the procurement team will continue to address the inherent challenges of calculating emissions that are harmful to climate change from other supply chains, by working with internal and sector experts focussing on our high priority supply chains: food, deliveries and construction, at first.

Sustainability policies: https://www.ed.ac.uk/sustainability/governance-publications-reports

We recognised and support the International Fair Trade Charter (Sept 2018), the University of Edinburgh and Edinburgh University Students' Association hold a two-star[5] *Fairtrade University Award* from Fairtrade Foundation and National Union of Students.

Our Procurement, SRS staff and our students established the Sustainable Procurement Tools and helped with key Sustainability Tests pertinent to a category or market and reviewing key risks/issues & opportunities. High priority supply chains are **Electronics**, **Laboratory Equipment**, **Food, Travel**, **Estates.**

Our staff and students helped create the APUC Supply Chain Sustainability Policy which promotes the Ten Principles of the UN Global Compact, and we adopted APUC Supply Chain Code of Conduct to demonstrate a commitment not to use forced, involuntary or underage labour.   This is under review during 2020 to align to our strategic goals and United Nations Sustainable Development Goals models.

Priority Briefing papers and action plans have been produced and are made public for tender projects. Relevant toolkits are being reviewed with the Scottish Government and the UK higher education sectors.

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[5]   the highest award is three star

Modern Slavery: The University publishes its annual Modern Slavery Statement detailing the steps we take to combat modern slavery, and our relevant policies, procedures and focus on an action plan. This is agreed by the senior stakeholder group SRS Committee, Audit & Risk Committee and University Court.

It is published and accessible from the footer of each webpage. Online Modern Slavery Awareness training links to core commercial policy training for those with financial responsibility and procurement team are involved in the working group. Joint Director of Procurement is part of the internal working group.

Payment efficiency: The University has standard 30 day payment terms for completed invoices, and we can agree faster payment terms such as 7, 14 or 21 days payment, in specific cases. We pay supplier invoices by the quickest possible method, BACS, and our average payment % is distorted by the University's standard two week Christmas closure. We pay 65% on time on average, and 25% in January giving annual average of 61% over 210,767 invoices. We have introduced eInvoices for our suppliers and this with our efforts under financial controls projects and in our Finance Transformation Programme and Core System preparation, educating staff, will see payment on time improve and accuracy of invoicing increase.

Case Study 8-13: engaging our students, suppliers, researchers in local & global projects

Internship: In FY2018-2019, the SRS department funded a PhD internship to review and compare tools and methods for monitoring supply chain sustainability issues. We will be applying the lessons learned.

Engagement Day: TheSRS and Procurement colleagues, delivered a Supplier Engagement Day, attended by 31 University suppliers, giving an update on the University's priorities. It will inform our plans.

Make ICT Fair Project: The University is collaborating with ten partners on a three year project (since 2017) funded by the European Union - '*Make ICT Fair – Reforming Manufacture and Minerals Supply Chains through Policy, Finance and Public Procurement.*' to improve the lives of workers and others at different stages of the ICT supply chain through research, campaigning, capacity building and advocacy.

Palm Oil Policy development: Due to staff and student interest, SRS department and the Global Academy of Agriculture and Food Security hosted a public event in February 2019 to explore sustainability issues in palm oil supply. This was attended by 100 people. The University Palm Oil Policy, was approved by the University Executive May 2019 - although we do not procure it directly - palm oil or derivatives impacts a wide range of goods we buy/use and we will be looking at implementing the policy.

Circular Economy: In FY2018-19, the procurement team became involved with construction suppliers via the *Regional Innovation and Circular Economy* (CE) assessment (RICE). RICE aims over a three year period to develop and to apply a 'regional innovation and CE assessment' focusing on the built environment and Edinburgh; our focus is on the £120million Edinburgh Futures Institute (EFI) as a RICE case study 'to apply insights at city and up to national levels'.

Fresh commitment to Social Impact

In 2018-19, our commitment to local communities renewed the nationwide Social Impact Pledge, to deliver projects of public benefit, which is a very good fit with the University's strategic plan.

 '*We already do much for local benefit through our research and teaching and through our economic impact, but we wish to do more. This Social Impact Pledge will contribute further to our work in promoting health and education, as well as economic and social wellbeing.*'

Professor Peter Mathieson, Principal and Vice-Chancellor

# Benchmarking - Procurement and Commercial Improvement Programme

The Joint Directors of Procurement take the opportunities to monitor best practice across similar organisations in public sector benchmarks or informal consultations and in sharing our experiences.

The University of Edinburgh Procurement is **independently** assessed against a common *Procurement and Commercial Improvement Programme* (PCIP) used across Scotland at two or three year intervals. We were re-assessed in FY2018-19 and had improved our performance by 10%, scoring 80.2% overall in the highest performance decile (F1 out of 10 levels) since last assessed (in 2016) across all key areas:

- Leadership and Governance
- Development and Tender
- Contract
- Key purchasing process

"This is a remarkable achievement and reflects the investment in our people and focus on our values."
George Sked, Joint Director of Procurement

Table 4: Procurement and Commercial Improvement Programme (PCIP)

Procurement Assessment (PCIP)
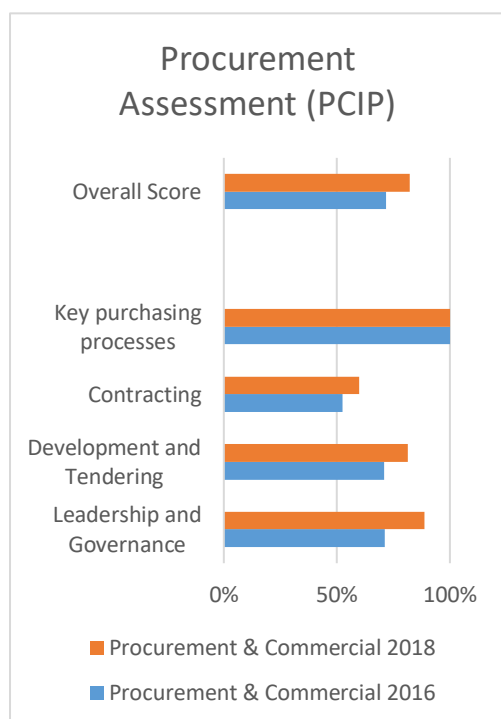
Independent assessors noted in March 2019, that at the University of Edinburgh:

Procurement has a high profile within the organisation and procurement activity is well managed.

Particular strengths lie in developing staff, commercial competence, systems management and sustainability.

Contract and supplier management has been highlighted by the institution as an area to develop further.

Procurement within the University is currently being restructured - this will give greater control over procurement activity and create conditions for further improvement.

Recommendations: Current positions to be maintained:

- ✓ Aim is Contract Coverage >80% of all potential 'influenceable' spend.
- ✓ We quantify and report benefits delivered from moving off-contract on to contract.
- ✓ Maverick spend accounts for <5%. Line item detail is readily available to reduce maverick spend.

✓ Stockholdings are minimal and the institution manages logistics and delivery performance capably.

Recommendations: Developing Programmes and Improving Services

Four improvement areas were recognised and we will take a Finance 'One Team' approach to these:

(1) Contract Management improvement
(2) Continuous improvement

1. Analysis informs category plans, strategies, risk plans, contract & supplier management.
2. Pro-active market engagement influences the supply market to drive innovation.
3. Contract implementation & exit plans at strategy stage and lessons learned throughout.

(3) External Recognition improvement

We were encouraged to share our successes more as our procurement teams actively participate in sector and wider leadership and influencing others. Our procurement FY2018-19 external awards are:

*National GO Procurement Excellence Awards 2018 **Finalists***: Social & Community benefits

Inaugural UK Conference on University Procurement (COUP) Awards 2019:
- **Winner** for **Innovation** – Core Systems procurement
- **Lifetime Achievement Award** (Karen Bowman, Joint Director of Procurement)
- **Highly Commended** for community benefits in procurement

*GO Scotland procurement excellence Awards 2019 **Finalists*** for
- Infrastructure project - Networks procurement
- Team of the Year - Estates procurement team

(4) Engaging People improvement

We have subject matter experts in our Finance Department in category teams, or dual reporting in two of our three Colleges. We have a procurement person located in three academic Schools. We are working towards a One Team approach and a set of shared Values across all staff involved in finance activities within the University and we share resources with APUC ltd. and with Queen Margaret University.

University Staff are all encouraged to complete formal education and continuous professional development relevant to their roles or personal development plans. Key staff involved in budget-holding are required to self-assess annually on an online Key Commercial Policies training register or lose rights.

Procurement professional staff are asked to self-assess annually on the CIPS Ethical code to evidence probity and understanding of supply chain risk and social impact issues. We can seek external support for staff development costs or attendance at approved learning events[6] from a specific charitable fund.

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[6] HPDF is a fund set up to support procurement specialist skills and training needs across colleges/universities.

We have twenty-four procurement specialists, most are fully qualified and others developing in their roles.

Table 5: Procurement People

Professional development **Procurement strategy**	People **24 total**	Link to Strategic Plan **Risk and value for money**
Full *MCIPS*[7] or equivalent	of which 15	Developing our people
Chartered Professional	6	ditto
Studying and /or part qualified	8	ditto
Dual reporting role	4	Customer focus
Sector centre role	6	Collaboration/One Team
Professional development **Other roles**	People **fte**	Link to Strategic Plan **Risk and value for money**
Policy and advice	1	Policy and social impact
Legal services	1	Policy and Risk mitigation
Support and administration	2-4	Contract and PA support
Academic School role	3	Local procurement/stores
Procurement People of Tomorrow[8]	*3**	*Developing our people*

Table 5 – notes

Other roles are shared across category teams. Staff dual reporting are co-located with procurement office and College; Sector centre staff are embedded in teams. Procurement *People of Tomorrow are short term and are considered as supernumerary. **The structure of the procurement service is under review**. Procurement Office manages Printing Services (not shown here).

External activities: We support efforts of the UK-wide British Universities Finance Directors (BUFDG) Higher Education Procurement Association (HEPA) George Sked, Joint Director of Procurement, represents Scotland on the HEPA Management Board. We are active members of APUC ltd Procurement Strategy Groups and serve on two of the Scottish Government Strategic Forum Groups as consultees.

We are frequently engaged in providing procurement professional advice to multi-site research teams in the UK and beyond e.g. we again procured supercomputer capacity for the UK wide Dirac Physics research community leading two UK and international developments.

Joint Director of Procurement, Karen Bowman, FCIPS is a trustee of the above mentioned HPDF (SCO43317), awarding grants for courses etc. and will take steps to avoid any conflict of interest.

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[7] Membership of the Chartered Institute of Procurement and Supply is a global standard for procurement skill.
[8] Career ready student, Modern Apprentice (placement) employing staff from a modern apprenticeship route.

International exchanges: during 2018-9:
From Canada and Germany we have had professional exchange visitors on procurement and related areas for networking and mutual benefit, and also a large Finance Directors group from Dutch universities.

To Harvard Club Boston: Joint Director Karen Bowman speaking at USA/International Conference:
Chief Procurement Officer Rising 2018: The Age of Intelligence;
To Netherlands: for two procurement managers (at *ElectronicsWatch)* event on supply chain risk.

Enclosures:

Annex 1 - annual procurement report annex   1 August 2018 - 31 July 2019
Annex 2 - regulated procurement activities   1 August 2018 - 31 July 2019
Annex 3 - Category Strategies (as at 2019)
Annex 4 - Forward procurement activities (anticipated 1 August 2019 - 31 July 2021)

Feedback on this report is welcome, please address this to procurement.director@ed.ac.uk.

Annex 1: **annual procurement report annex   1 August 2018 - 31 July 2019**

Annual Procurement Report annex – is edited from *Annex A from SPPN4/2019*.

NOTE 1: sub-questions with no available data have been removed for ease of reading but numbering unchanged to allow comparisons with other regulated procurement APR reporting

NOTE 2: reference to contract is also to be construed as meaning a Framework Agreement

1. Organisation and report details	
a) Contracting Authority Name	The University of Edinburgh
b) Period of the annual procurement report	FY 2018-19
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? *(Yes / No)*	Yes
2. Summary of Regulated Procurements Completed	
a) Total number of regulated contracts awarded within the report period	142
b) Total value of regulated contracts awarded within the report period	£181 million
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	117
i) how many of these unique suppliers are SMEs	2886 –note[9]
ii) how many of these unique suppliers how many are Third sector bodies	To follow[8]
3. Review of Regulated Procurements Compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	142
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0[10]
4. Community Benefit Requirements Summary **Use of Community Benefit Requirements in Procurement:**	
a) Total number of regulated contracts awarded with a value of £4 million or greater.	9
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	6[11]
c) Total number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements.	24

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[9] Total of SME suppliers being used in the period, not new regulated contract awards
[10] Very few highlighted as no/low risk at the FYend and the due process steps are being addressed internally
[11] The option to consider CB is in all tenders over regulated threshold but it is not always taken up for a project.

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	N/A[12] Note: all contracts refer

6. Payment performance

a) Number of valid invoices received during the reporting period.	210,767
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms) NOTE: *65% over 11months, 25% in January - distorted by the University's standard two week Christmas closure*	61% see note
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payments of invoices in public contract supply chains.	N/A[13] Note: all contracts refer

7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period	3
b) Total spend with supported businesses during the period covered by the report, including:	£68k
i) spend within the reporting year on regulated contracts	£68k
ii) spend within the reporting year on non-regulated contracts	To follow[8]

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.	£295 million
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£147 million
c) Total procurement spend with Third sector bodies during the period covered by the report.	Not recorded
d) Percentage of total procurement spend through collaborative contracts.	Not recorded
g) Total non-cash savings value for the period covered by the annual procurement report	£19.6 million

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	97
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£683 million

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[12] All regulated contracts refer to our Fair Work policies, the data on which are scored in specific contracts is not yet available
[13] All regulated contracts refer to our agreed payment terms, data on which are scored in specific contracts is not yet available

Annex 2 **regulated procurement activities   1 August 2018 - 31 July 2019**

Please download the pdf file –

ContractAwardsAnnex2.pdf

Annex 3 **Category Strategies (as at 2019)**

Please download the pdf file –

CatStratSummaryAnnex3.pdf

Annex 4 **Forward procurement** activities **(anticipated 1 Aug 2019 - 31 Jul 2021)**

Please download the pdf file –

FutureProcurementsAnnex4.pdf