

# Procurement Policy

March 2020

DRAFT

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## Version Control History

<b>Version Number</b>	<b>Date of Change</b>	<b>Summary of Revisions Made</b>
8	March 2020	Major Review

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**Lead Author:** Head of Finance

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# Procurement Policy

## 1 Purpose

1.1 The key deliverables of this Procurement Policy are to:

- Comply with all legislative obligations in relation to procurement.
- Achieve value for money.
- Promote and deliver sustainable outputs through appropriate procurement strategies.
- Maintain the highest ethical standards throughout our procurement activities.
- Act in a fair, open and transparent manner when dealing with our supply chain.
- Collaborate with public sector bodies to deliver cash and non-cash efficiencies.

## 2 Scope

2.1 The Policy covers Procurement activity at all the college function and locations.

2.2 This Procurement Policy applies to all purchases of Goods, Services or Works made by/on behalf of Perth College UHI. The Policy must be adhered to by all College employees with any aspect of purchasing responsibility regardless of their role.

2.3 The Policy should be read in conjunction with the following related College Policies/Procedures/Regulations:

- Perth College UHI Procurement Strategy 2019-21
- Perth College UHI Financial Regulations
- Gifts and Hospitality Policy
- Anti-Fraud and Anti-Corruption Policy
- Procurement Sustainability Strategy
- Scottish Funding Council Financial Memorandum/Outcome Agreement

2.4 Perth College UHI must comply with its legal obligations under the following legislation:

- EU Procurement Directives 2014
- Procurement Reform (Scotland) Act 2014
- Procurement (Scotland) Regulations 2016

Further information can be found on the following links.

<http://www.legislation.gov.uk/asp/2014/12/contents>

<http://www.ojec.com/Thresholds>

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2.4.1 Regarding the purchasing of Goods and Services the following thresholds and Governance rules must be adhered to. When calculating the contract value, for a one-off purchase, the total cost of the good(s) or service will provide the contract value. If the purchase is a recurring spend, you will calculate the anticipated value over a four-year period to establish the total contract value.

- **Route 1** <£2,000 – budget holder has discretion but must deliver value for money for the College and can use local or national or local contract in first instance. Quotes must be obtained and noted against the Purchase Order in PECOS.
- **Route 2** £2,00-£49,999 – for goods and services between this value the procurer is required to obtain a minimum number of three quotations, and these must be attached to the order in PECOS. Any exercise over £25k must be referred to Perth College UHI Procurement Team and published via the preferred Public Contracts Scotland ‘Quick Quote’ facility.
- **Route 3** >=£50,000, but less than the OJEU thresholds (£189,330). For Goods and Services, the procurer must refer the request to the Procurement Team, who will undertake a formal tendering process and advertise the tender on the national advertising website Public Contracts Scotland and follow the Scottish Government Procurement Journey.
- **Route 4** >OJEU Thresholds (£189,330). For Goods, Services and Works projects, the procurer must refer the request to Perth College UHI Procurement Team, who will undertake a full formal tendering process and advertise the contract in adherence to the relevant legislation.

In all cases figures are ex VAT.

Regarding the purchasing of Works the following thresholds and Governance rules must be adhered to.

- **Route 1** £0-£2m – for Works between this value the procurer is required to obtain a minimum number of three quotations, and these must be attached to the order in PECOS.
- **Route 2** >£2m-£4.5m for Works, the procurer must refer the request to the Procurement Team, who will undertake a formal tendering process and advertise the tender on the national advertising website Public Contracts Scotland and follow the Scottish Government Procurement Journey.
- **Route 3** >OJEU Thresholds (£4.5m). For Works projects, the procurer must refer the request to Perth College UHI Procurement Team, who will undertake a full formal tendering process and advertise the contract in adherence to the relevant legislation.

For any Works contract valued over £4m. There is an obligation to consider whether Community Benefit Clauses (CBCs) can be included. CBCs are clauses that build a range of economic, social or environmental conditions into the delivery of public contracts.

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- 2.5 Where a contract or Framework is in place, this must be used in the first instance for all purchases of goods and services. All Perth College UHI local contracts can be found at: <http://www.apuc-scot.ac.uk/#!/institution?inst=52> and all Frameworks can be found at: <http://apuc-scot.ac.uk/#&contracting> Perth College UHI Procurement Team can provide support and guidance.
- 2.6 Where there is no suitable Framework or contract in place, the Internal Governance Rules will dictate the procurement route required. To assist with this a Procurement Step by Step Guidance document is available (Appendix 1).
- 2.7 In accordance with the Financial Memorandum/Outcome agreement, the College must seek advance approval from The Scottish Funding Council, for any proposal to award a contract over £25,000 without competition. In accordance with the Financial Memorandum/Outcome agreement, the College must seek advance approval from The Scottish Funding Council, for any proposal to award an external consultancy contract with a value of £100,000 aggregated over a 4-year period.
- 2.8 All purchases that exceed £25,000 must be referred to Perth College UHI Procurement Team. For all exercises over £25,000 the college will use an E-Procurement system.
- 2.9 PECOS must be used for processing all purchase orders with suppliers who have been approved by the Procurement Team, unless approval has been provided by Head of Finance. Further information on PECOS is available on the user guide:  
<http://www.perthnet.uhi.ac.uk/howdoi/pecos/Pages/default.aspx>
- 2.10 All purchases/contracts entered by the College which are not made through an authorised Framework Agreement must only be entered into under the College's terms and conditions, unless otherwise agreed by the Procurement Team. A copy of these terms and conditions can be obtained from the Procurement Team.
- 2.11 All purchases/contracts entered using an authorised Framework Agreement must only be entered into under the Framework Agreement terms and conditions as set out by the relevant purchasing consortia, which the suppliers have agreed to. Please speak to the Procurement Team for further information.
- 2.12 When the College uses a buying consortium to undertake competitive tendering the consortia will ensure that the proper regulations are followed.
- 2.13 There can be occasions where it may be necessary to award a contract for goods, services or works without conducting competitive tendering, this

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procedure is referred to as Non-Competitive Action (NCA). This must be applied in **exceptional** circumstances in accordance with the exemptions outlined in the procedure documentation. All evidence in support of NCA must stand up to scrutiny and must be recorded for Audit purposes.

Please refer to the NCA procedure for further information.

2.14 For projects receiving external funding, stakeholders must ensure these are communicated and included within tender documentation.

2.15 All tender documentation must be retained and concisely filed for audit purposes.

2.16 Where required staff must adhere to all audit requests.

### 3 Responsibilities

3.1 This policy has been approved by the College's Senior Management Team.

3.2 The Head of Finance is accountable for the implementation and development of this policy and its associated procedures.

3.3 The Procurement Team is responsible for the effective operation of this policy and will ensure that appropriate Procedures are in place and embedded.

3.4 The Procurement Team is responsible for managing the College's procurement activity and driving compliance with all legislative requirements and best practice matters.

3.5 The Sector Managers/Heads of Department are responsible for ensuring that all purchasing activity within their Department is carried out in line with this policy.

3.6 All Perth College UHI employees with any aspect of purchasing/procurement responsibility in their job role must adhere to the policy.

3.7 Any breach of this Procurement Policy shall be investigated. Failure by any employee to comply with this policy may give rise to disciplinary procedures.

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## 4 Key Principles

### 4.1 Legislative Compliance

The College will ensure that it complies with the following procurement legislation:

- EU Procurement Directives (as set out in the Public Contracts (Scotland) Regulations 2015)
- Procurement Reform (Scotland) Act 2014
- Procurement (Scotland) Regulations 2016

In addition, the Procurement Team will ensure compliance with all relevant legislation on a contract basis, including but not limited to:

- Equalities Act 2010
- Bribery Act 2010
- Freedom of Information (Scotland) Act 2002
- Health and Safety at Work Act 1974
- General Data Protection Regulation (GDPR)
- Criminal Finances Act 2017
- Modern Slavery Act 2015
- Fair Work Practices 2017

### 4.2 Value for Money

A fundamental principle of the Procurement Policy is to ensure the achievement of Value for Money in a legally compliant manner.

Value for Money is the balance between quality and cost and will vary for every purchase depending on the requirements of the College. Perth College UHI will award all contracts on a Most Economically Advantageous (MEAT) basis.

The two main aspects that impact on the achievement of Value for Money:

- Product/Service specification – appropriate quality and quantity.
- Source of supply – right time, right place, right price.

Where you are involved in the purchase of goods, services or works, it is important to consider the following criteria as part of the specification:

- Purpose/performance of goods/services.
- Technical Specification.
- Life span of product.
- Installation/Maintenance requirements.
- Sustainability considerations.

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The College through formal Contract and Supplier Management (C and SM) will ensure value for money is delivered through the life of our contracts.

The C and SM approach is on a contract-by-contract basis based on commodity risk and contract value. The outcome will determine whether a contract should be managed on a strategic, managed or routine basis.

Strategic and Managed contracts will have set Key Performance Indicators set at contract award and supplier performance will be measured against the agreed criteria.

The College Procurement team will facilitate contract C and SM reviews.

College stakeholders must provide supplier performance feedback when requested, this could be captured via surveys, email or verbal feedback.

### 4.3 Sustainable Procurement

The College recognises that procurement can play an important role in improving our economic, social and environmental performance as an organisation through a sustainable approach to the procurement of goods, services and works.

Additionally, public sector buyers in Scotland must engage with SMEs, third sector bodies and supported businesses to meet the **sustainable procurement duty**. Outlined in Procurement Reform (Scotland) Act 2014, the duty aligns with the Scottish Government's purpose to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

In recognition of the importance placed on sustainable procurement by the College and the Scottish Government, the College has developed a Sustainable Procurement Policy. This recognises some of the key measures and tools the Procurement Team use in order to improve the sustainability outcomes from our procurement activity, including:

- Compliance with the Sustainable Procurement Duty.
- Completion of the Sustainability Test for relevant procurements to assess any possible social, economic or environmental impacts from a procurement exercise in order to maximise opportunities for improvement in the wellbeing of the local community.

In May 2019, the Scottish Government declared a climate emergency. In response, the universities and colleges sector have formed the Climate Commission. The Procurement Team will support the outcomes of the commission throughout its procurement activities.

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#### 4.4 Ethical Standards

Perth College UHI Procurement Team will be up to date with all Procurement Legislation and will utilise APUC and the support, guidance and training offered.

The College will ensure that all employees involved in the procurement process are given advice, support and guidance from the Procurement team and this can include access to all Procurement Policies and Procedures or through online and offline training.

In order to maintain the highest ethical standards across the College, all employees involved in the procurement process shall be required to:

- Comply with the College's Anti-Fraud and Anti-Corruption policies.
- Comply with the College's Gifts and Hospitality policy.

Where a potential conflict of interest arises between a College employee and a potential supplier of Goods, Services or Works, the employee must declare such conflict at the earliest possible opportunity (and before the award of any business to the supplier) by completing a Conflict of Interest Procedure.

If an employee is in doubt as to a potential Conflict of Interest, they should speak to the Procurement Team in the first instance.

#### 4.5 Fair and Equal Treatment

A core principle of public procurement regulation, under the Treaty on the Functioning of the European Union (TFEU), is to ensure that all suppliers are treated in an open, fair, equal and transparent manner. This principle is carried through into this Policy and associated Procurement Procedures to ensure that all suppliers have a fair and equal opportunity to secure contracts with Perth College UHI. For any regulated contracts, the College's supply chain the Code of Conduct must be issued as part of the tender documentation.

The College has a statutory duty, as defined by the Equalities Act 2010, to advance equality of opportunity in all its functions, including procurement. The College remains responsible for meeting its obligations under the various statutes even when an external contractor provides one or more of the College's functions. Members of staff involved in procurement will take account of the following objectives when placing business with any supplier/contractor:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010.

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- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not.
- Ensure that the goods, works and services provided are done so in a way that provide for the needs of all users.

#### 4.6 Collaborative Procurement

The College will seek to maximise opportunities to collaborate in the procurement of goods, services or works where it can be demonstrated that such collaboration delivers the best overall Value for Money solution to meet the College's needs.

Collaboration opportunities can include:

- Use of Framework Agreements.
- Working collaboratively with UHI Partnership.
- Working collaboratively with other external public bodies.
- Working across College departments.

The benefits of collaborating include:

- Economies of Scale – more competitive pricing as a result of the greater purchasing power achieved through collaboration.
- Resource Efficiency – procuring legally compliant contracts can be time consuming and resource intensive both for the Procurement Team and the requisitioning department, which is a hidden cost often not considered.  
Utilising Framework Agreements can reduce time and associated cost for everyone involved.
- Commonality and Standardisation of Products and Services – this provides a College wide standard for the products and services being purchased, as well as the re-assurance that all departments are paying the same prices for the same goods and services.
- Operational Efficiency – by everyone working together in the same way and using the same suppliers and buying the same products/services it reduces duplication of time and effort, thereby creating efficiency benefits.
- Contract Management – if we are all using the same supplier then it is easier to monitor supplier performance, identify common issues and feedback to suppliers.
- Cross Functional Learning – by working together it helps to identify different ways of working and requirements within different departments which can all be used to identify College wide improvements to processes and ways of working.

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In addition to using a Framework Agreement, the following benefits can also be achieved:

- Compliance with procurement legislation – compliance has already been met when the Framework Agreement was procured by the Centre of Expertise (ie APUC), therefore reducing the burden on the College.
- Supplier vetting – suppliers on these Framework Agreements have demonstrated compliance in terms of financial health, insurances, corporate and social responsibility, Health and Safety, Quality Management, Equalities, Sustainability.
- Supplier performance – such Framework Agreements include well defined terms and conditions, as well as contract and supplier management processes to support the College in the event of poor supplier performance.

## 5 Review of Procurement Policy

5.1 This policy will be reviewed on an annual basis, as a minimum, by the Head of Finance in conjunction with the Procurement Manager.

5.2 Any amendments required to the Policy will be presented to the SMT/Board of Management for approval.

## 6 Linked Policies/Related Documents

- Procurement Strategy
- Procurement Procedures
- Non-Competitive Actions
- Supply Chain Code of Conduct
- Hospitality Register
- Conflict of Interest
- Sustainability Policy
- Scottish Government Procurement Journey
- Perth College UHI's Terms and Conditions
- Perth College UHI Financial Regulations

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