

Corporate procurement strategy

November 2016.

Foreword

Public procurement aims to achieve best value by increasing competition amongst potential suppliers while at the same time developing market opportunities and ensuring that suppliers have access to bid for goods, services and works. Education Scotland has procurement expenditure of over £10m per annum and, therefore, has a strong role to play in making the best use of the taxpayers' money and also supporting the economy by making suppliers aware of the procurement opportunities we have available.

Our procurement guidelines follow Scottish Procurement Policy and are designed to encapsulate the following principles:

- transparency;
- proportionality;
- equal treatment; and
- non discrimination.

Procurement is an invaluable support service and is crucial for every role, at every level in order to achieve the aims and objectives of the organisation. Ever more under scrutiny in the current climate, it is essential that we strive for continuous improvement in order to contribute to the wider national [Scottish Public Procurement Reform](#) agenda.

This procurement strategy forms part of the structure to support delivery of Education Scotland's work and will be updated annually to reflect current priorities.

Dr Bill Maxwell

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1. Background

Education Scotland is an Executive Agency of the Scottish Government which was established on 1 July 2011. It is a key national body supporting quality and improvement in Scottish education.

Education Scotland's vision is that Scottish learners will progress in one of the most effective education systems in the world, renowned for the ability of national and local partners to work flexibly together to achieve high-quality and equitable outcomes for all.

Our mission is to provide the best blend of national support and challenge to inspire and secure continuous improvement in experiences and opportunities for all learners in Scotland.

Education Scotland's strategic objectives are as follows.

- Build a world-class curriculum for all learners in Scotland.
- Promote high quality professional learning and leadership amongst education practitioners.
- Build the capacity of education providers to improve their performance continuously.
- Provide independent evaluations of education provision.
- Influence national policy through evidence-based advice.
- Improve our organisational capability and invest in our people.

Our procurement principles and guidance are based on those of the Scottish Procurement Directorate. However, these principles have been adapted, where required, to reflect the principle of proportionality and the differing requirements of Education Scotland and the Scottish Government. We also work in partnership with the Scottish Government in a shared service arrangement which allows us to access Scottish Government procurement resources.

As part of the Procurement and Commercial Improvement Programme (PCIP), Education Scotland's procurement processes and service delivery will be assessed to ensure that we provide an effective service and also that we continue to look for ways to improve. The procurement function is also subject to regular review from Internal Audit and this contributes to the Audit Scotland assessment of how well our financial systems are operating.

Education Scotland works in partnership alongside a full range of bodies and organisations active in the field of Scottish education, from local authorities to further and higher education, third sector and parent groups, according to their own statutory duties and capabilities.

2. Procurement vision

Procurement is a process of acquiring goods and/or services from the identification of need through to the end of the useful life of an asset or contract.

Education Scotland's procurement vision is to procure goods and services in a cost effective way which both supports the organisation's objectives and also provides best value for the taxpayer.

Our mission is to provide a high quality service which reflects the principles of economy, efficiency and effectiveness as well as giving due regard to the importance of sustainability. Goods and services will be acquired by competition unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the procurement and barriers to the participation of suppliers should be removed.

3. Procurement principles

There are four fundamental principles of procurement. These are:

- transparency – contract procedures must be transparent and contract opportunities should generally be publicised;
- equal treatment and non discrimination – potential suppliers must be treated equally;
- proportionality – procurement procedures and decisions must be proportionate; and
- mutual recognition – giving equal validity to qualifications and standards from other countries where appropriate.

4. Purpose of the procurement strategy

The total budget allocated to Education Scotland by Scottish Ministers is finite and this procurement strategy is designed to ensure that Education Scotland is able to deliver its strategic objectives in way that makes the best use of the funding available.

The procurement process has to be carried out within the legislative framework and the staff involved should have the required training and skills to ensure that they are equipped to work within their delegated financial authority. This strategy is, therefore, closely related to the finance strategy.

This strategy sets out the direction for the next three years and will be reviewed annually.

5. Legislative framework

All procurement must take account of the following legislative requirements.

- The duties set out in the Procurement Reform (Scotland) Act 2014 in relation to regulated procurements and sustainable procurement.
Procurement Reform (Scotland) Act 2014:
<http://www.legislation.gov.uk/asp/2014/12/contents>
- The EC treaty which applies to all public procurement regardless of value. The principles include transparency, equal treatment and non-discrimination, proportionality and mutual recognition.
<http://www.scotland.gov.uk/Topics/Government/Procurement/policy/Legislation/ECTreatyobligations>
- EU procurement regulations.
<http://www.scotland.gov.uk/Topics/Government/Procurement/policy/Legislation/ECDirandScotreg>
- The Scottish Public Finance Manual.
<http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Intro>
- The Scottish Government procurement policy handbook.
<http://www.scotland.gov.uk/Publications/2008/12/23151017/0>
- The Scottish Government sustainable procurement action plan.
<http://www.scotland.gov.uk/Topics/Government/Procurement/policy/corporate-responsibility/sspap>
- The Scottish Government e-commerce agenda.
<http://www.scotland.gov.uk/Topics/Government/Procurement/eCommerce>
- Freedom of Information (Scotland) Act 2002 and Data Protection Act 1998.
<http://www.legislation.gov.uk/asp/2002/13/contents>

http://www.ico.gov.uk/for_organisations/data_protection/the_guide.aspx

6. Procurement key objective

The key objective of the Education Scotland procurement strategy is to obtain the maximum benefit from the money that we spend on goods and services by ensuring that they are fit for purpose, of the required quality, delivered at the right time and that they directly support our strategic objectives.

7. Key priorities

Successful delivery of the procurement strategy is dependent on establishing a list of priorities and then carrying out the actions required to implement each of these.

Education Scotland's procurement strategy has ten main priorities.

- i. Achieving value for money.
- ii. Fraud prevention.
- iii. Delivering sustainable procurement.
- iv. Raising the level of procurement knowledge, skills and expertise.
- v. Providing timely performance information.
- vi. Participating in the work and benefits of procurement colleagues.
- vii. Contracts with supported businesses.
- viii. Contracts with small and medium sized enterprises (SMEs).
- ix. Contract management.
- x. Providing an excellent procurement service.

i. Achieving value for money

Action:

- We will utilise Scottish Government collaborative frameworks where possible.
- Where there is more than one supplier on the framework we will undertake a mini-competition to ensure that we get best value from the available suppliers.
- We will use catalogues available on EASEbuy which restrict choices and exclude 'gold plated' alternatives so that requisitioners are directed to the most cost effective options.
- For non-catalogue goods and services, staff must follow the specified procurement process. The process is dependent on the value of the contract.
- Education Scotland's procurement staff will assist colleagues who are involved in putting contracts in place and should be contacted at the start of the process to advise on the correct approach. Procurement staff are able to advise at each stage of the procurement process from preparation of the strategy to award of the contract and on contract management during the life of the contract.
- We will ensure that staff follow the relevant guidance, by reviewing the procurement strategy, and that there is no conflict in terms of purchasing and financial authority, by ensuring that only staff with Delegated Purchasing Authority (DPA) sign off contracts.

ii. Fraud Prevention

Action:

- We will ensure that there is appropriate segregation of duties and a hierarchy for requisitioning and approving is in place and reviewed regularly.
- All staff must complete the fraud prevention e-learning package annually.
- Fraud prevention will be included as part of the procurement section of induction training.

iii. Delivering sustainable procurement

Action:

- We will ensure that contract specifications include a requirement to consider the Scottish Ministers approach to sustainability and reflect this within the tender where appropriate.
- We will continue to enforce a minimum order value for stationery to reduce the number of deliveries. We will encourage the use of videoconferencing, Skype for business and other ICT solutions to reduce our carbon footprint and associated costs of travel.

iv. Raising the level of procurement knowledge, skills and expertise

Action:

- Procurement staff will ensure that they keep up to date with developments in procurement and undertake some form of procurement training at least annually.
- All procurement staff must undergo EU training annually.
- A procurement webpage for the ES intranet will be developed to provide up to date guidance and information.
- Procurement staff will support Education Scotland staff to ensure that procurement guidance is followed and correctly implemented.
- Procurement guidance with contact details will be issued at induction.

v. Providing timely performance information

Action:

- We will provide a quarterly performance report to the Corporate Management Group as part of the finance report.
- Procurement performance information will include contract savings, number of contracts issued and the top ten suppliers.
- We will provide monthly information on payment performance.
- We will provide quarterly management information on travel and subsistence to Assistant Directors.

vi. Participating in the work and benefits of Procurement colleagues

Action:

- We will collaborate, wherever possible, with Scottish Procurement so that we are aware of up and coming developments and can draw on the guidance and best practice of others.
- We will participate in a shared service arrangement with the Scottish Government Procurement Directorate and agree to use Scottish Government resources whenever we require additional procurement support.
- We will continue to play a role in the Procurement Cluster Group.

vii. Contracts with supported businesses

Action:

- We will seek to use a supported business where possible. Regulation 7 of the Contracts (Scotland) Regulations makes it possible for public bodies to reserve contracts for supported businesses, a supported employment programme or supported factories. In Regulation 7, a supported business means 'a service where more than 50% of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market'

viii. Contracts with small and medium sized enterprises (SMEs)

Action:

- We will aim to maintain and if possible increase our current usage of contracts with SMEs.
- We will monitor our performance by recording the number of SMEs tendering for contracts and also the number of contracts awarded to SMEs.

ix. Contract management

Action:

- We will assess the level of risk for contracts and provide an appropriate level of contract management ourselves or support colleagues in managing contracts.

x. Providing an excellent procurement service

Action:

- We will regularly review our policies and procedures to ensure that we make the best use of staff resources. We will respond promptly to requests for assistance and provide the best possible level of support to colleagues within the level of resources available.
- We will aim to pay all invoices within ten days to ensure suppliers, particularly small suppliers, receive payments promptly for goods and services we receive.

8. What we spend and what we buy

Education Scotland has been allocated a budget of £24.8 in 2016-17 by Scottish Ministers. Of this total, an estimated £16m will be spent on pay and associated costs. The remainder of expenditure is on the purchase of goods and services.

Where possible we make use of Category A contracts (national collaborative contracts) and Category B contracts (Scottish Government collaborative contracts). For example, travel, hotels and conferences, agency staff, accommodation maintenance, stationery and IT hardware and support.

During 2015-16 Education Scotland achieved savings of £1.02m through use of all collaborative contracts.

The highest annual spend via collaborative contracts is for travel and accommodation services (£1.1m). This is due to the nature of the work that Education Scotland does and the requirement for inspectors and education officers to undertake a significant amount of travelling as part of their normal duties.

Category C contracts are the remit of a single organisation. The largest Category C contracts within Education Scotland are for the Scottish Wide Area Network (SWAN) (Capita- £1.3m annually) and for the infrastructure to support the Glow network (RM Education- £1.5m annually).

During 2015-16, Education Scotland paid 99% of all invoices within 10 days (2014-15 97%)

9. Key performance indicators

Procurement performance will be measured by the following KPIs:

- Savings from Cat C and collaborative contracts;
- Efficiency of the procurement cycle, measured by tracking completion of the process against the procurement timetable;
- Ensuring that procurements are conducted fairly and transparently measured by the number of legal challenges;
- Quality of procurement advice and support, measured by the percentage of satisfied service users.

10. Delegated Authority

Within Education Scotland there are two defined roles in the procurement process:

Financial Authority – This is the authority to commit expenditure by the budget holder or who perceives the need for and makes out the business case for the expenditure;

Purchasing Authority – This is the authority to place an order or award a contract. Levels of purchasing authority are embedded in the Easebuy system. **Only procurement staff can award a contract.**

Financial authority

The Chief Executive has ultimate responsibility for the funding allocated to Education Scotland but, in order to manage the budget more effectively, the Chief Executive delegates financial responsibility to a number of budget holders who are each responsible for a specific programme of work.

Letters of delegation are issued to each budget holder and copies of these are held by the Head of Finance and Procurement.

The budget holder can only authorise expenditure within the financial limits delegated to him/her and where funds are available from the relevant budget. Financial authority should not be confused with purchasing authority and staff should not have both financial authority and purchasing authority.

Purchasing authority

Delegated Purchasing Authority (DPA) is the authority to enter into a contract for goods, services and works and oversee the process leading up to and including the award of a contract and any subsequent contract changes. This

authority is limited to the individuals in the hierarchy below, named individuals in the Easebuy hierarchy and staff with a Government Procurement Card.

DPA is:

- required for competition of contracts where there is not an existing contract/framework agreement. It is also required for running mini-competitions against an authorised Scottish Government procurement framework.
- granted to permanent Education Scotland individuals, by the Chief Executive and will be in writing based on the business need and training/experience of staff concerned. It will specify the value of contracts (excluding VAT) that the individual will be authorised to award.

Delegated Purchasing Authority hierarchy for contract award

	Consultancy	Competitions	Mini-competitions	Non Competitive action
Chief executive (SCS)	£10,000	Unlimited	Unlimited	Unlimited
Corporate Services Director (C3)	-	-	-	Unlimited
Head of Finance and Procurement (C2)	-	Up to £200,000	Up to £200,000	-
Finance and Procurement manager (B2)	-	Up to £25,000	Up to £50,000	-
Procurement Officer (B1)	-	Up to £25,000	Up to £50,000	-

Purchasing authority is available through two other systems, both of which require users to follow strict guidelines.

DPA is available to users of the EASEbuy system and allows purchases to be made directly from a limited number of collaborative contracts. The EASEbuy hierarchy limits the value of goods and services which can be purchased and has embedded rules regarding processing of orders to ensure that there is appropriate segregation of responsibilities. EASEbuy users will not be given access until they have completed the required training. Purchases made through Easebuy must be correctly authorised by staff with the relevant financial authority (see above).

Education Scotland uses the Government Procurement Card contract set up by the Scottish Government. The card can be used for low value, one off purchases. The limits on each Education Scotland cardholder is £1,000-£1,500 per transaction. This is lower than the Scottish Government limits but meets the needs of our organisation.

11. Review and enquiries

This strategy will be reviewed annually. If you have any enquiries, please send them to: gillian.howells@educationscotland.gsi.gov.uk.

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