



The University of Edinburgh



Annual Procurement Report (1 August 2020 to 31 July 2021)

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Director of Procurement (Interim)



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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](#). It should be noted that this report is based on the University Procurement Strategy that was published and approved in 2018. The University's new Procurement Strategy 2021-2026 will be the basis for next years APR as this was only published after the recording period for this report.

It should be noted that in this report EU procurement is still referred to as the UK only exited the EU part way through the reporting period

Performance under the FY2020-21 procurement strategy either fully met or partially met expectations in the seven key objectives. The partial achievement was predominantly caused by the COVID-19 pandemic and identified areas of improvement being reliant on the implementation of the People and Money system in Summer 2022.

Headline results, explained in detail in the APR are:

Value for money **£17.4** million;

Procurement professional influence on **£261 million (85% of total)**

Where data is not available this is clearly stated in the report. Looking ahead, risk management, mitigation and contract management services will be a focus as well as implementing a new and revised procurement service for the University to deliver changes that are required due to the pandemic.

The University of Edinburgh has reviewed its [University Procurement Strategy](#) each year and changes 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 is the current 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. It should be noted that the University reviewed its current procurement strategy with a brand new one being put in place in August 2021, which reflects the transformational changes that Procurement will go through in the next year or two.



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 **£17.4 million** (*ahead of stretch target £12 million*) on a total University procurement activity of around £261 million of goods, services and capital works.
- Influenced¹ **85%** (£221 million of procurement activity) with procurement specialists leading, the remainder is locally managed, within agreed core commercial policy process.

George Sked, Director of Procurement (Interim) is responsible for the production of the procurement strategy and this annual report. He is a member of the University Finance Director's Senior Management Team and the Finance Executive of the University and convenes the Procurement Risk Management Executives.

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

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



Statutory Annual Procurement Report (APR)

The Procurement Reform (Scotland) Act 2014 (PRA) requires any publicly funded organisation with an estimated annual regulated² spend of £5 million or more to develop a procurement strategy and then to review it annually and publish an Annual Procurement Report (APR).

This is the fourth report of this kind³ and takes account of the Scottish Government analysis of APRs and recommendations from the [Scottish Procurement Policy Notes](#) issued during the year.

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.

University Procurement Strategy Compliance

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

Objectives FY2020-21	Targets met
<ul style="list-style-type: none"> finance transformation project (service excellence) 	maintained
<ul style="list-style-type: none"> Contract Management controls 	achieved
<ul style="list-style-type: none"> improved finance services for users and providers in ‘procure to pay’ <ul style="list-style-type: none"> simplified or routine transactions using eProcurement tools inviting bids via eCommerce tools (digital first) 	¹ partial maintained maintained
<ul style="list-style-type: none"> improved estates capital and services procurement using a common protocol 	achieved
<ul style="list-style-type: none"> support major IS projects using flexible procurement processes CD & CPN (Competitive Dialogue & Competitive Procedure with Negotiation) 	achieved
<ul style="list-style-type: none"> support improvement in supply chain sustainability and social responsibility 	maintained
<ul style="list-style-type: none"> increased use of contracts and staff awareness of procurement information and shared benefits of procurement influence 	² partial

Table notes – where noted as **partial** achievements

- 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 People and Money System (procured for HR, Finance, Procurement, Students).
- % of spend under influence of procurement specialists was 85%.

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 (FY2019-20) data is shown for comparison where appropriate.



Regulated Procurement Expenditure

The University of Edinburgh has an annual non-pay spend with trade creditors of £261 million (excluding VAT), approximately 85 % of which is directly influenced by procurement specialist services, and other procurement is locally managed, under a University core commercial policy.

During the period (FY2020-21), 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 SPPN7/2020*

Annex 2 - Regulated Procurement Activities

contracts awarded in FY2020-21

Annex 3 - Forward Procurement Activities FY2021-22 and FY2022-23 (as at 28 August 2020)

Data not included:

*The introduction of new reporting format during 2019, *under Annex A to SPPN7/2020*, is not possible to collect using the university tools currently available and are unlikely to be achievable with the new People and Money system in 2022. In order to collate this information significant resource would have to be deployed. The decision has been taken unless this information becomes a mandatory legal requirement, we will only use best endeavours to collate it.

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. (It should be noted that frameworks are only adopted if they can show benefits to the organisation and are appropriate for the client). This reduces the number of resource-intensive formal PRA lower threshold regulated or EU tenders being managed by procurement specialists in the university team. We will use framework agreements that meet the University needs and are 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.

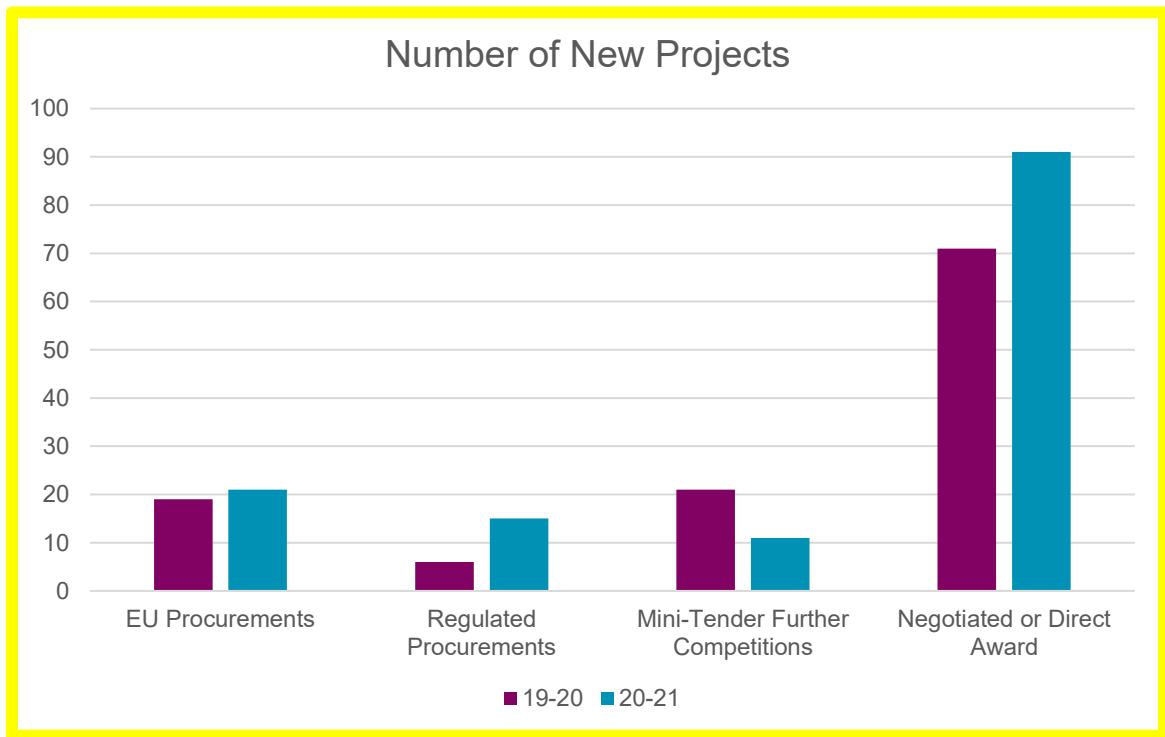
The University's income and expenditure has increased last year and has partially recovered since the pandemic began and influence on some of the 'hard to reach' categories of spending internally has stabilised as colleagues use procurement staff to guide them.

£44million of the University spend in FY2020-21 was routed via collaborative agreements with or without mini-tender call-offs, a decrease of £4 million from FY2019-20.



Table 1: New Regulated Procurement
(projects completed: FY2020-21 and previous year)

From table 1, the number of new projects has increased across all categories, with the exception of Mini-Tender Further Competitions. This is a 17% increase from 19-20





		2020-21	Change from previous year (%)	previous year
Table 2: New Regulated Procurement (value of projects completed FY2020-21) All data as estimated at award of contract				
EU regulated procurement	(£m)	38.8	-67.9	120.7
Lower regulated procurements	(£m)	9.7	76.4	5.5
Mini-tenders from frameworks	(£m)	23.1	-47.3	43.8
Totals	(£m)	71.7	-57.8	170

Table 2 notes - applicable thresholds during FY2020-21.

EU Threshold - goods or services £189,330; works £4,733,252.

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

		2020-21	Change from previous year (%)	previous year
Table 3: Total Procurement Expenditure				
Procurement expenditure ('Influenceable' ¹ spend)	(£m)	260.7	2.7	250.3
Regulated expenditure (Procurement Specialist - Influenced)	(£m)	220.7	5.4	209.4
Procurement Influenced Spend Figure	(%)	85	1.2	84
Non-regulated procurement (Locally Managed)	(£m)	40	-2.2	40.9
Number of Trade Creditors	(N)	5434	-16.8	6530
Percentage of procurement Influenceable expenditure with SMEs	(%)	42	-19.2	52

Table 3 notes - definitions

¹'Influenceable' spend is defined (in the PRA) and in the guidance from sector centre APUC Ltd.

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

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.

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

During the COVID-19 pandemic, a number of SPPN's were issued, relaxing some parts of the legislation, the University utilised these and worked within the temporary parameter allowed by these SPPN's. Predominately they were used for direct awards and contract extensions beyond the term of the contract. These are still in force and continue to be off use in a volatile supply market.

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 our departure from the European Union, and supply chain resilience have been major factors over the past 12 months and have caused significant shortages and inflationary pressures in certain market segments, we are collaborating with APUC and other HEI's on this.

Supported Business Summary

The University of Edinburgh was one of Scotland's first 'Fairtrade' Universities and we continue to be proactive in encouraging the use of supported business. In areas where we know, there is a supported business available, mainly through the Scottish Procurement Supported Business framework. We are working with Social Enterprise Scotland to expand opportunities for Social Enterprise Businesses that could engage in wider public contracting opportunities as well as internal Student-Based Social Enterprises.

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 – FY2021-22 and FY2022-23 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, especially with the influence of the COVID-19 pandemic, which has increased the uncertainty of future plans.

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 invests in a dedicated university-wide Procurement Office (Finance) led initiatives, which resulted in Value for Money (VfM) efficiencies of ~ **£17.4** million during FY2020-21, 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.

Service Excellence Programme

Our [Service Excellence Programme](#) (SEP) 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.

One of the main work-streams of SEP, the Finance Transformation Programme (FTP), directly involves procurement. As part of the programme two new areas of Procurement are being established, Contract Management and Procurement Operations, with the Contract Management Team being fully operational.

Procurement Operations

To support the planned introduction of People and Money in 2022 we are re-shaping procurement across the University with the introduction of the new Procurement Operations team. This new team will primarily focus on the University's non-regulated spend. This new structure will allow a more focused and professional approach, to the University's sub threshold spend, which is greater than many Universities total 3rd party expenditure, which will bring consolidation, cost and time efficiencies. We have designed the new organisational structures, defined the new job roles and partially completed recruitment into key roles for this team

This new team which will augment the Strategic Procurement and Contract Management teams will undertake all the non-regulated sourcing across the University as well as manage the majority of University Stores operations. This also includes a new Procurement support team which will coordinate all Procurement data management, benefits tracking, risk management, MI reporting et al.

Contract Management

In order to get greater in life focus to drive value for money, supplier excellence and assurance, we have augmented our operation with a Contract Management function. This team is focused on building best practice principles across the entire end to end life-cycle. Through these practices supported by processes and tools, also being designed, we will increase focus on strategic contracting moving to a position of value add partnerships based on cost efficacy and criticality.



Additional Progress Reports:

Sustainability Duty Report



Strategy, Compliance and Policies

Sustainable procurement contributes to the University's Strategy 2030 commitments to make the world a better place through our activity and for the 17 UN Sustainable Development Goals to guide our decision making. We've also committed to a net Zero by 2040 Climate Strategy and several other sustainability policies that relate directly to the conduct of procurement.

The University has worked for a long time to embed and continuously improve sustainable procurement practice. Our Procurement Strategy commits us to consider and act upon risks and opportunities related to innovation, SME's and social, environmental and economic wellbeing, in line with duties under the Procurement Reform (Scotland) Act 2014 and related Statutory Guidance.

We've adopted Scottish Government Sustainable Procurement Tools the Flexible Framework, Sustainability Prioritisation and the operational Sustainability Test. Prioritisation of risks with end users and subject-matter experts is conducted bi-annually across sub-categories under the main areas of operational estates, food and catering, travel, ICT, and laboratory equipment and consumables.

We have made these sustainability tool risk outputs and briefings [publicly available on our website](#) for the benefit of other organisations, as well as our version of the Test tool.

Use of tools and guidance, which support Scotland's National Performance Framework outcomes, is embedded into our procurement process for regulated procurements and the adoption of framework agreements.

Consideration of Fair Work Practices including the real Living Wage

The University is committed to leveraging our procurement activity to support Fair Work Practices, including promotion of the real Living Wage. The University assesses risk and where relevant includes consideration of Fair Work for workers delivering contracts as a scored quality criterion in regulated procurements in line with Statutory Guidance.

The University is an accredited Living Wage organisation. This means all University workers earn at least the current real UK Living Wage and that we expect all qualifying on-campus suppliers working to do so as well for their workers and subcontractors.

The Scottish Government has recently varied statutory guidance that Living Wages requirements can now be included in ALL procurements, which is a step away from European legislation which states this may only be done in appropriate contracts



Modern Slavery Statement

The University publishes an annual Modern Slavery Statement with actions and steps embedded into the procurement process of the University. The statement is agreed by senior stakeholder groups and approved by the University Court. Modern Slavery Act checks are built into our regulated procurement process, purchase order process and also our standard terms and conditions, as are other measures to address labour and human rights issues.

The University is an affiliate of Electronics Watch, whose unique worker-based monitoring supports hundreds of public contracting authorities across the UK and Europe to leverage their purchasing power to concretely support remediation processes and working condition improvements for workers in our global ICT supply chains.

Community Benefits

In line with our Community Benefits Policy, the University has continued to implement and develop community benefits and explore mutually beneficial partnership working with our suppliers to support regional inclusive growth and to address global challenges. This includes opportunities to engage supplier partners with University students, academic colleagues and our community partners.

Examples of benefits delivered in 20-21, sponsorship of a PhD, delivery of a series of best practice workshops, paid internships and employability training sessions.

People

We have subject matter experts in our Procurement Office within the category teams, who are further supported by procurement staff co-located at various points across the campus. 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.

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 from a specific charitable fund. We have 21 strategic procurement specialists across 4 category teams, most are fully qualified and others developing in their roles.

Table 4: Procurement People

Professional Office staff (incl. Contract Management and Operations as at 31/07/21)	People
Procurement strategy	38
<i>Breakdown (not to be totalled)</i>	<i>of which</i>
Full MCIPS ⁴ or equivalent	22
Chartered Professional	6

⁴ Membership of the Chartered Institute of Procurement and Supply is a global standard for procurement skill.



Studying and/or part qualified	4
APUC staff	0
Other roles	
Support and administration	4

External activities:

We support efforts of the UK-wide Higher Education Procurement Association (HEPA) George Sked, Director of Procurement (Interim), represents Scotland on the HEPA Management Board. We are active members of APUC Ltd, Procurement Strategy Groups and serve on the Scottish Government Poly Forum Group.

We are frequently engaged in providing procurement professional advice to multi-site research teams in the UK and beyond.

Enclosures:

Annex 1: Annual Procurement Report annex (1 August 2020 - 31 July 2021)

Annex 2: Regulated procurement activities (1 August 2020 - 31 July 2021)

Annex 3: Forward procurement activities (anticipated 1 August 2021 - 31 July 2023)

Feedback on this report is welcome, please address this to george.sked@ed.ac.uk.

This publication can be made available in alternative formats on request.

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Annex 1: Annual Procurement Report Annex (1 August 2020 - 31 July 2021)

Annual Procurement Report Annex is edited from *Annex A from SPPN7/2020*.

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	FY2020-21
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	138
b) Total value of regulated contracts awarded within the report period	£71.7 million
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	136
i) how many of these unique suppliers are SMEs	86
ii) how many of these unique suppliers how many are Third sector bodies	0

3. Review of Regulated Procurements Compliance

a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	138
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0

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.	3
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	0
c) Total number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements.	1



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 Note: all contracts refer

6. Payment performance

a) Number of valid invoices received during the reporting period.

161,047

b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms)

65%

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 Note: all contracts refer

7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period

0

b) Total spend with supported businesses during the period covered by the report, including:
i) spend within the reporting year on regulated contracts

£185,745
£185,745

ii) spend within the reporting year on non-regulated contracts

£0

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.

£261 million

b) Total procurement spend with SMEs during the period covered by the annual procurement report.

£129.4 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

£17.4 million

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years

63

b) Total estimated value of regulated procurements expected to commence in the next two financial years

£185.9 million



Annex 2:
Regulated procurement activities (1 August 2020 - 31 July 2021)

Please download the pdf file <https://edin.ac/3CwmTS6>

Annex 3:
Forward procurement activities (anticipated 1 August 2021 - 31 July 2023)

Please download the pdf file <https://edin.ac/3DNcV09>