

## HEFCW Corporate Procurement Policy & Role Statement

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### Role Statement

1. The procurement function of the Higher Education Funding Council for Wales (HEFCW) will provide professional, qualified, procurement expertise to its Executive and staff and to the HE sector. It will contribute fully to the achievement of HEFCW aims and objectives and will raise the profile of procurement both internally and within the HE sector. Ensuring that HEFCW's business needs are met through its purchasing of goods, services and works and that the Welsh Assembly Government's Policy aims and objectives are core to its procurement activity. It will proactively manage and develop its suppliers and supply base, identifying and managing any supply risks.

### Policy

2. HEFCW, its Management Board and staff have ownership of this procurement policy. Consultation on the policy has taken place both internally and within the HE sector. Consultation has also taken place publicly, in line with HEFCW's Equalities policy.
3. The procurement function within HEFCW has a dual role. The first is to support the procurement activity that takes place within HEFCW, to ensure that value for money is obtained when purchasing its own goods, services and works, and to ensure that procurement best practice is always followed.
4. The second part of its role is to work with the higher education sector to advise, guide, support, monitor and collaborate in regard to best procurement practice. HEFCW allocates Higher Education Institutions £403M (excluding Capital Funding) (2010/11) and the sector and HEFCW are jointly responsible for ensuring that these funds are spent appropriately and value for money is achieved. HEFCW is responsible for monitoring and reporting to the Welsh Assembly Government on the achievement of savings targets made by the sector.
5. Government policies such as One Wales, Making the Connections: Delivering Better Services for Wales, and Better Value Wales influenced the production of HEFCW's procurement policy, strategy and internal procedures. It also influences its work with the HE sector. HEFCW's policy, strategy and procedures are reviewed annually to take account of any new government policies and must also accord with HEFCW's Management Statement and Financial Memorandum and annual Remit Letter issued to it by the Welsh Assembly Government.

6. The report by the Wales Audit Office called Procurement in the Higher Education Sector in Wales, featured recommendations to improve procurement in the HE sector and recommended actions for HEFCW itself. HEFCW has built the agreed recommendations into its policy and strategy documents.
7. HEFCW will develop and implement a procurement strategy, which will set out the means by which the policy objectives will be achieved and which will be delivered through a set of key prioritised actions. The strategy document will take the form of an action plan, which will be reviewed by HEFCW on an annual basis. HEFCW has utilised the Assembly's Value Wales Procurement Strategy Tool in developing its own strategy document.

## **HEFCW Procurement**

### **Procurement Activity**

8. HEFCW has analysed its annual expenditure with suppliers for goods, services and works, to understand the scale and importance of procurement activity in terms of amount, nature of purchases, market risk and business risk. This work will inform the routes by which HEFCW undertakes its purchasing.
9. The procurement function will make the best possible use of HEFCW resources, investigating existing available collaborative arrangements, and only letting contracts where no suitable existing collaborative arrangements exist, so that goods and services can be purchased in a quick and efficient manner.
10. Where collaborative arrangements are not available to utilise, HEFCW will tender and award its own contracts, the timescale of contracts will be dependent on the particular goods and services being acquired, the nature of the market place, the needs of HEFCW and UK and European Procurement rules and regulations.

### **Collaboration**

11. The procurement function through its work with the wider public sector and the Assembly's Value Wales Sourcing Plan Steering Group will collaborate whenever and wherever possible to utilise contracts that have been tendered and awarded by other public bodies, thereby saving on the costs of the procurement exercise and improving the potential to secure keener prices and improved quality by combining purchasing power. The procurement function will take into consideration the Value Wales, Sourcing Strategy for continued collaboration when procuring goods and services. It will also collaborate by sharing advice, guidance and experience, to help colleagues across the public sector.
12. Collaboration also takes place with our sister Funding Councils, where economies of scale are achieved by becoming part of much larger procurement exercise that relate to policy development.

## **Processes & Procedures**

13. The procurement function will look to review its current procedures on an annual basis to ensure that they are always fit for purpose and simplify them wherever possible, making purchasing more streamlined, and ensuring compliance with UK and European Procurement rules and regulations.

## **Technology**

14. The procurement function will assess the use and potential of existing information, processing and communications technology for effectively supporting the procurement process. It has a successful Welsh Purchasing Card scheme, which reduces the volume of low value, low risk transactions and make process and purchase savings. The use of the Assembly's Buy4Wales website provides the ability to advertise tenders and obtain quotes electronically. The planned use of the Assembly's xchangewales e-sourcing tools will in future streamline the tendering process for HEFCW.

## **Corporate & Operational Objectives**

15. The procurement function will ensure that HEFCW's business objectives are met by the procurement strategy being linked to Corporate and Operational Plans. The procurement manager will meet as a minimum annually with heads of teams to understand current team roles and responsibilities and review and plan procurement requirements and any training needs. Where necessary the policy and strategy documents will be modified accordingly, to take account of any changes.

## **Work with Suppliers**

16. The procurement function recognises the importance of its suppliers and of the market place. It will review the quality of its supplier management and development plans for enhancing relationships with suppliers to meet the needs of the organisation. The procurement manager will develop and implement a clear strategy to manage its key suppliers effectively.
17. HEFCW is a registered user of the Assembly's Buy4Wales Website. This is the national procurement website for Welsh public sector purchasers. It aims to bring the entire public sector and its suppliers together. Low and high value procurement opportunities are available to suppliers on line. The website also holds a wealth of procurement information and guidance which is of benefit to HEFCW. HEFCW will normally advertise its formal tender opportunities on this website.

## **Expertise & Influence**

18. A qualified procurement professional manages HEFCW's procurement function. The procurement manager is a Fellow of the Chartered Institute of Purchase and Supply, and has extensive experience of UK and European procurement law.
19. The procurement manager will provide advice and training on all areas of procurement and contract management.

20. Qualified resource is on hand to provide staff and the Management Board with advice on all aspects of procurement. The procurement manager will continue a programme of professional development via HEFCW's Management of Performance and Development Scheme.

### **Networks**

21. The procurement manager has forged links with local, regional and national procurement establishments to ensure that HEFCW's procurement knowledge continues to improve, through the sharing of a broad range of experiences and expertise.

### **Savings Targets**

22. HEFCW's procurement function has implemented a savings measurement system, which will record savings made against each contract. This will enable HEFCW to evidence its procurement savings, against its 3% Making the Connections savings target. The measurement system used is the Value For Money Measurement System implemented by the Value Wales procurement initiative. Savings will be reported to HEFCW Management Board on an annual basis.

### **Record Keeping**

23. HEFCW has developed a procurement register, which is maintained by the procurement manager. The register holds information on its existing tenders and contracts and also historical procurement information. This register will be used to aid the production of management information and also as a tool to highlight additional areas where savings could be made.

### **Compliance**

24. HEFCW's audit and risk manager will undertake periodic reviews of the procurement function and procurement undertaken across HEFCW. The auditors will check for compliance against internal procedures and to ensure compliance with UK and European Procurement Directives as well as procurement best practice. The Wales Audit Office will carry out audits of HEFCW's procurement activity as part of their annual audit.

25. HEFCW has a clearly defined process for budget holders to incur expenditure, through to commitment and receipt of goods with segregation of duties. HEFCW's payment terms are communicated to all its suppliers. Financial appraisals of suppliers are undertaken in a fair and appropriate manner, in proportion to the value and risk of the goods or services being procured. HEFCW will aim to pay its suppliers within ten working days wherever possible to help support the SME agenda.

### **Ethics**

26. HEFCW's procurement function has adopted the Chartered Institute of Purchase & Supply Professional Code of Ethics. The ethics cover a number of principles including maintaining the highest possible standard of integrity in all its business relationships.

## **HEFCW Procurement Exercises**

27. Each high value/high risk procurement exercise undertaken by HEFCW will have its own purchasing strategy, which will show understanding of the market place, reduce risk to supply wherever possible, seek to add value and will take into consideration the following subject areas below:

### **Suppliers**

28. HEFCW will provide suppliers with clearly written specifications, and will allow a reasonable amount of time for suppliers to submit their written tenders, make selection and award evaluation criteria clear and understandable, evaluate all bids on a like for like basis and provide constructive de-briefing to unsuccessful tenderers.

### **Total Life Costing**

29. HEFCW will evaluate tenders on a total life cost basis and award the contract to the supplier who submits the most economically advantageous tender in line with the evaluation and award criteria stated in the tender documentation (e.g. price, service levels, quality, technical merit).

### **OJEU Directives**

30. HEFCW will ensure compliance with the European Procurement Directives and European Treaty Principles (the directive rules followed are dependent on the value and nature of the purchases being undertaken).

### **Sustainability**

31. HEFCW will procure in a sustainable manner, taking social and environmental factors into consideration alongside financial and qualitative factors when developing tender award criteria and evaluating tenders. HEFCW has used the Value Wales Sustainable Procurement Assessment Framework Tool' (SPAF), to assess and measure its current position and has produced an action plan to further improve its work on sustainability. HEFCW has met the Welsh Assembly Government target of Level 3 against the SPAF. HEFCW has developed a sustainable procurement policy which can be found on the HEFCW website.

### **Health & Safety**

32. HEFCW will request and assess where applicable, Health & Safety information from suppliers prior to contracting.

### **Equality**

33. HEFCW will ensure that, through its procurement procedures, contractors or sub contractors providing a service to HEFCW are aware of their obligations to adhere to HEFCW's commitment to eliminate unlawful discrimination on the grounds of age, disability, gender, race/ethnicity, religion/belief and sexual orientation and promote

equality of opportunity and good relations between all sections of society. These commitments are set out in its Equality Scheme.

34. HEFCW warmly welcomes tenders from all sections of society. HEFCW will promote procedures that are fair and free from prejudice.

### **Welsh Language Act & Scheme**

35. HEFCW will specify in tender documents and contracts any particular requirements as to the use of Welsh, and will monitor the fulfilment of any such requirements by the contractor.

Where HEFCW engages external consultants to undertake studies or reviews in the higher education sector in Wales, it will specify any requirements as to the provision of Welsh language services or the consideration of bilingualism and Welsh medium issues as appropriate to the particular projects concerned.

36. Tender documentation will normally be issued in English only in order to make the most effective use of public money and ensure the cost effectiveness of the tendering process. Exceptions are likely to be tenders for Welsh language services such as translation, Welsh language training or for consultancy work relating to Welsh medium higher education provision, where documentation would be issued bilingually. When any tender is proposed, as part of the authorisation to tender process, advice will be sought from the officer(s) responsible for HEFCW Welsh Language Scheme on whether the tender documentation should be issued bilingually. HEFCW has developed standard procurement letters and templates which are available bilingually.

### **Freedom of Information**

37. HEFCW will alert all tenderers and suppliers to our duties, as laid down under the Freedom of Information Act 2000, The Statutory Code of Practice on the Discharge of Public Authorities Functions issued under section 45 of the FOI Act and the Statutory Code of Practice on Records Management issued under section 46 of the FOI Act. Also the obligation on the Council to follow the National Assembly for Wales Code of Practice on Public Access to information and such further Codes, Protocols and Policies as the Assembly Government may from time to time issue on open government.

### **Information Security**

38. In order to protect HEFCW's information assets, all contractors and suppliers will be required to comply with HEFCW's information security policy. This covers the information security requirements in respect of ICT, buildings, records and human resources. Issues surrounding confidentiality and security will be discussed with contract managers as part of the production of tender and contract documentation.

### **Procurement Work with the HE Sector**

39. HEFCW will work closely with and support the HE sector in regard to procurement improvements. It will need to work together with the sector, if it is to achieve the Assembly Government's aims and objectives in regard to best practice procurement.

40. HEFCW will implement the key recommendations made by the Wales Audit Office report into Procurement In The Higher Education Sector In Wales.
41. HEFCW will update the Assembly Government on progress of recommendations, for HEFCW and the sector in regard to the Wales Audit Office report into Procurement in the HE sector and more generally in regard to improvements in procurement.

### **Strategy/Action Plans**

42. HEFCW has produced, consulted and agreed with the sector a strategy/action plan for achieving the savings targets set out in Making the Connections: Delivering Better Services for Wales.
43. HEFCW will monitor the strategy and consult with institutions and the Assembly Government and identifying any changes necessary.
44. HEFCW will review its own procurement strategy/action plan annually, consulting institutions and the Assembly Government.

### **Support for the Sector**

45. HEFCW has employed a qualified procurement manager to provide professional guidance, support and expertise, to support procurement in the HE sector. The procurement manager will work closely with the sector and institutions where required, to help achieve practical improvements in value for money.
46. HEFCW will continue to develop a procurement section on its website, this site will provide institutions with access to procurement information. This information will be available, either directly or via web links to existing information, thereby avoiding duplication or contradiction with any other best practice material in existence.
47. In order to assist institutions in improving their procurement activity HEFCW funded the completion of procurement fitness checks at each institution. One of the key features of the fitness health check was that it was a benchmarking exercise that resulted in a tailored action plan for each institution. The action plan takes account of the different levels it is realistic to expect institutions to achieve, dependent on the nature and extent of the procurement activity it undertakes.
48. Following the completion of each fitness health check and agreed action plan, HEFCW monitored the action plans. HEFCW continues to monitor procurement progress at each institution, providing advice and support where required.
49. The procurement manager will visit institutions to discuss with finance and procurement colleagues their procurement progress. These visits will be seen as a chance for HEFCW to understand any issues, concerns, or barriers to delivery that the institution or sector in general may have.
50. HEFCW will identify how far individual institutions have been successful in developing procurement within their institutions and reducing the gaps identified in their procurement fitness health check action plans.

## **Consortium/Collaboration**

51. HEFCW supported the expansion of the Higher Education Purchasing Consortium Wales (HEPCW), based on an agreed strategy for the sector, that incorporates the main targets and recommendations of One Wales, Better Value Wales and Making the Connections: Delivering Better Services for Wales. The Council recognises that in certain circumstances institutions obtain value for money by using other purchasing consortia.
52. HEFCW's procurement manager will work closely with the HEPCW consortium procurement manager to avoid any duplication of effort.
53. HEFCW has provided funding to HEPCW and the sector for procurement training for non procurement staff. Where procurement is devolved at an institution, it will provide the relevant skills and training to support the purchasing activity. This was a key recommendation raised in each institution's procurement fitness health check.
54. HEFCW will support UK wide procurement initiatives, where it believes practical benefits will be gained by the sector. e.g. our links with the UUK Strategic Procurement Group.
55. HEFCW will actively welcome and support the bringing together of different sectors to achieve cross sector collaboration in regard to procurement, both within Wales and across the UK.

## **Savings Targets**

56. Making the Connections and the Assembly Audit Committee report require institutions to achieve a 3% procurement savings target, HEFCW is working with institutions and the consortium to secure improvements to procurement systems and practices necessary to deliver their savings targets. HEFCW expects each institution and the Consortium to adopt use of recognised efficiency reporting models such as the Value Wales Benefits Reporting Model (BRM) or the HE sector's Efficiency Measurement Model (EMM) to record their savings. The agreed action plans for each institution, which followed the procurement fitness check, together with collaborative work via the procurement consortium, should ensure that the savings targets are met.
57. HEFCW will take appropriate measures, if institutions persistently fail to co-operate with the reasonable requirements of HEFCW in respect of procurement. Following appropriate consultation, HEFCW will attach Terms and Conditions to funding which will allow it to withdraw grant as a last resort if an Institution persistently fails to co operate with requirements that accord with those set out in One Wales or Making the Connections and other relevant Welsh Assembly Government policies for procurement in the wider public sector in Wales.

## **Expertise**

58. HEFCW will assess the level of expertise available to the sector, and to individual institutions, and develop an appropriate strategy for ensuring that all parts of the sector have access to sufficient professional expertise. This will be organised to ensure optimum benefit for the sector as a whole.
59. HEFCW will work with the sector generally, or institutions or groups of institutions as appropriate, to ensure that expertise is available and fully utilised.

## **Institutions' Strategies**

60. HEFCW will require each institution to develop robust procurement strategies, which set out its objectives and priorities. HEFCW will monitor and review it regularly. HEFCW will use professional support, its own and others', to assess the quality of each strategy and recommend improvements if appropriate. Areas to be covered in the strategy should include, savings targets, practical measures to advance Sustainable Development, Equality and the SME agenda.

## **Working Together**

61. HEFCW's procurement manager will monitor institution's policies, strategies and action plans and where appropriate will take forward issues such as the sharing of best practice and encouraging cross-sector collaboration.
62. HEFCW will work with institutions to help them develop their management information and record keeping including the recording of supplier performance, so that institutions can regularly record and report procurement performance to their governing bodies.
63. The HEFCW will work with Institutions to investigate the use of Electronic purchasing and management systems, to help Institutions gain greater control over their purchasing, reduce costs further and provide better management information to support the procurement process. The HEFCW will work with the HE Purchasing Consortiums, Procureweb and the Assembly's 'Value Wales' team to support this.

Through HEFCW's work with the Assembly Government's 'Value Wales team, it will share with the sector the teams work, findings, information and guidance produced.

64. HEFCW will communicate procurement best practice to other areas of the institution, e.g. Estates Directors and ESDGC champions.