

Finance and Resources Committee

DATE:	24 th February 2022
TITLE OF REPORT:	Review of Procurement Thresholds
AUTHOR AND CONTACT DETAILS	Keith McAllister keith.mcallister@slc.ac.uk
PURPOSE:	To update the purchasing thresholds to better reflect current working practices and have these incorporated into the updated Financial Regulations. These thresholds are contained within an updated set of procedures.
KEY RECOMMENDATIONS/ DECISIONS:	<ul style="list-style-type: none"> • That the thresholds are updated as per the attached summary. • That procurements over £125,000 be referred for Board approval, replacing the current £30,000 limit contained in the Financial Regulations. • The Committee is asked to approve these thresholds to better reflect operation and planning requirements.
RISK	The main risks are: <ul style="list-style-type: none"> • The current Financial Regulations do not reflect actual practices in terms of contracts and agreements being referred to the Board, thus leaving the College open to an audit point. • There is uncertainty at the moment as to what is involved re thresholds leading to delays in approval and this review should provide clarity.
RELEVANT STRATEGIC AIM:	Highest quality education and support.
SUMMARY OF REPORT:	The financial thresholds re procurement have been reviewed taking account of current good practice, and by reference to similar institutions. The procedures reflect current working practices within the sector and set spend and delegation thresholds more in keeping with operational requirements.



Procurement Guidance & Procedures

Author: Susan Hampshire, Supply Chain Manager
Owner: Keith McAllister, Head of Finance
Date: 08/12/2021
Review Date: 11/08/2022

Presented to:

- SLT on:
- Finance & Resources Committee on: 24 February 2022

File location:
H:\Onsreclassification\Finance Comm\2022 Feb Fin Comm\Doc 9 # App 4 # Threshold Approval.Docx

1. Introduction

- 1.1. This document provides guidance and support for staff making purchases of goods, services or works on behalf of the South Lanarkshire College. They will be regularly updated so always check here before making a purchase.
- 1.2. No matter how large or small the requirement, the South Lanarkshire College procurement coordinator is here help you navigate your way through the process and make a successful value-for-money purchase.
- 1.3. Making any purchase requires South Lanarkshire College to enter into a contract with a vendor and the process is subject to detailed Scottish and UK Government legal regulations and WTOs Government Procurement Agreement. The Guidance page provides detail of the internal and legislative financial thresholds which apply to the College.
- 1.4. The Supply Chain Manager is available to assist in all matters relating to Suppliers and Contracts, please get in touch if you require any assistance.

1.5. Procurement Contact

- 1.5.1. Supply Chain Manager: Sue Hampshire
- 1.5.2. The Supply Chain Manager can be contacted on: procurement@slc.ac.uk

2. Procurement Threshold and Tendering Guidance

- 2.1. South Lanarkshire College is a Public Body, and operating within the Public Sector, it is also a member of APUC (Advanced Procurement for Universities and Colleges). The College therefore has access to a number of routes to market depending on the requirements and the values, the routes are detailed below:
- 2.2. **Central Consortia Framework Contracts:** These are contracts and frameworks that have been tendered by central consortia (e.g., APUC, Scottish Government, Crown Commercial Services) to be used by one or more areas of the public and HE/FE sectors. As a member of APUC, the College has access to a substantial number of Frameworks, these are our default route to market and should be explored before any other route. These contracts offer significant benefits including cost savings, additional warranty periods, etc.
- 2.3. When engaging with suppliers under the Framework, the applicable Framework Reference No. should be quoted throughout any correspondence including on purchase orders.
- 2.4. Please note, the rules of the Framework apply to any purchases made, Procurement can provide advice on use of individual Frameworks.
- 2.5. **Spend thresholds:** If there are no Frameworks that meet your requirement the financial thresholds detailed in the table on the next page outline the route to market and method required for sourcing goods and services at the different spend levels. All anticipated spend over £10,000 must be agreed with Procurement before proceeding by completing the Procurement Request Form.
- 2.6. **Aggregate or Cumulative spend:** This is the total, cumulative spend with any single supplier by the College over a given period. When engaging with any supplier, it must be considered what the total spend with that supplier may be, if it is anticipated that the cumulative spend total aggregates to over £10,000 in a single year as a result of several small-scale purchases, please engage early with the Procurement Coordinator. Please note, the Scottish Government reviews the College's spend annually to ensure compliance with Regulations and Legislation, as such the Procurement Coordinator monitors spend on an ongoing basis across the College and at a department level. For example, a contract for £10,000 p.a. for 4 years has to be treated as a spend of £40,000.
- 2.7. **Record keeping:** Records must be kept of all purchases including applicable quotes. When the College makes a purchase, it does so within the Scottish Government legislative framework, which requires evidence that supports an audit trail.
- 2.8. **Procurement Initiation Form:** Please note, a completed Procurement Initiation Form is required any purchase or supply contract with an anticipated value of over £10,000. This provides Finance, Procurement and Budget Holder scrutiny in line with the Scheme of Delegated Authority.

2.9. Goods & Services Thresholds

Band	Process	Responsibility
£0 - £999	<ul style="list-style-type: none"> The budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained. 	Devolved to staff
£1,000 - £9,999	<ul style="list-style-type: none"> 3 price comparisons or written quotations. Approval of the Head of Finance is required for requisitions of a value over £10,000. 	Devolved to staff
£10,000 - £19,999	<ul style="list-style-type: none"> 3 price comparisons or written quotations. Approval of the Head of Finance is required. <i>Procurement Initiation Form Required</i> 	Devolved to staff or Procurement
£20,000 - £49,999	<ul style="list-style-type: none"> PCS- Quick Quote. 3 or more quotes advertised on Quick Quotes to named suppliers. Approval of the Principal is required. <i>Procurement Initiation Form Required</i> 	Devolved to staff or Procurement
£50,000 - GPA Limit	<ul style="list-style-type: none"> PCS – Public Contracts Scotland Open Tender Advert Approval of the Principal is required up to £125,000. Over £125,000 requires approval from the Finance and Resources Committee <i>Procurement Initiation Form Required</i> 	Procurement
GPA > Limit	<ul style="list-style-type: none"> PCS FTS Tender – Will advertise in the Find a Tender (FTS) portal following the most appropriate process. Approval is required from the Finance and Resources Committee <i>Procurement Initiation Form Required</i> 	Procurement

2.10. Works Thresholds

Band	Process	Responsibility
£0 - £999	<ul style="list-style-type: none"> The budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained. 	Devolved to staff
£1,000 - £9,999	<ul style="list-style-type: none"> 3 price comparisons or written quotations. Approval of the Head of Finance is required for requisitions of a value over £10,000. . 	Devolved to staff
£10,000 - £19,999	<ul style="list-style-type: none"> 3 price comparisons or written quotations. Approval of the Head of Finance is required. <i>Procurement Initiation Form Required</i> 	Devolved to staff or Procurement
£20,000 - £49,999	<ul style="list-style-type: none"> PCS- Quick Quote. 3 or more quotes advertised on Quick Quotes to named suppliers. Approval of the Principal is required. <i>Procurement Initiation Form Required</i> 	Devolved to staff or Procurement
£50,000 - £1,999,999	<ul style="list-style-type: none"> PCS – Quick Quote. 5 or more quotes advertised to named suppliers. Approval of the Principal is required up to £125,000. Over £125,000 requires approval from the Finance and Resources Committee The Head of Finance shall determine whether a tender or quotation is the most appropriate documentation to be issued. 	Procurement
£2m - GPA Limit	<ul style="list-style-type: none"> PCS – Public Contracts Scotland Open Tender Advert Approval of the Principal is required up to £125,000. Over £125,000 requires approval from the Finance and Resources Committee 	Procurement
GPA > Limit	<ul style="list-style-type: none"> PCS FTS Tender – Will advertise in the Find a Tender (FTS) portal following the most appropriate process. Community) following the most appropriate process. Approval is required from the Finance and Resources Committee 	Procurement

All figures above exclude VAT.

3. Forms & General Guidance

- 3.1. SharePoint is kept up to date with all Procurement documents and forms needed for your purchasing requirements.
- 3.2. Documents include:
 - New Supplier Creation - Request Form
 - New Supplier Details Form
 - New Supplier Requests Guidance
 - Procurement Initiation Form
 - Framework buyer guides
- 3.3. We provide information and guidance including a detailed Tendering Guidance document which can be used for your quotes requirements.
- 3.4. If your estimated whole-life cost for the purchase is close to the upper limit of a threshold you should use the guidance for the next higher threshold.
 - o Tendering and Quotes Guidance

4. PECOS

- 4.1. The PECOS system is an interface that enables the College to process purchase requisitions, purchase orders, goods receipts, invoices and returns efficiently.
- 4.2. It integrates directly with the College's Finance system.
- 4.3. It supports financial compliance and accountability for College spend.
- 4.4. There are three critical roles for users within the PECOS system:
 - Requisitioner - the person who raises the orders. They are nominated by the budget holders to raise orders within PECOS.
 - Approver - the person who signs off the order. They are budget holders, usually department heads or other senior managers.
 - Authoriser - Principalship
- 4.5. A user must only have one of these roles within the system (i.e. an approver must not approve a requisition they have made). This is an audit requirement. Procurement maintains a current list of approvers and requisitioners.
- 4.6. *Please note, PECOS is **not** a list of approved suppliers, where possible users should utilise existing College contracts or available Frameworks. Otherwise, the Procurement Thresholds apply.*

5. Systems & Legislation

5.1. Systems

- 5.1.1. Quick Quote: Public Contracts Scotland (PCS) – Quick Quote is the Government portal for use by public sector organisations seeking quotes with a value less than £50k. It is relatively easy to use and provides a robust audit trail for purchases. Its use is recommended for all purchases that require quotes.
- 5.1.2. If you are interested in using PCS - Quick Quote, please contact Procurement for training and guidance.

5.2. Training

- 5.2.1. The Supply Chain Manager can also offer training for the following on an individual or group basis:
 - Procurement: general principles and good practice
 - Specifications: specifying requirements and pricing
 - Contract management: managing the whole life of a contract
 - We may provide bespoke training where required, please contact us if of interest.

5.3. Legislation

- 5.3.1. The Legislation and Regulation that applies to South Lanarkshire College purchasing includes but is not limited to the following:
 - Procurement Reform (Scotland) Act 2014
 - The Public Contracts (Scotland) Regulations 2015
 - Bribery Act 2010
 - TUPE – The Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014
 - Health and Safety at Work etc. Act 1974
 - The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012
 - Sale of Goods Act 1979
 - Supply of Goods and Services Act 1982
 - Unfair Contract Terms Act 1977
 - Climate Change (Scotland) Act 2009
 - Modern Slavery Act 2015