



FINANCE & RESOURCES COMMITTEE

Meeting of 30 January 2019

FINANCE & RESOURCES COMMITTEE

NOTICE

There will be a meeting of the Finance & Resources Committee on Wednesday 30 January 2019 at 1430 hours in the Boardroom, G10, at Aberdeen City Campus.

AGENDA

Agenda Item		Paper
01-19	Apologies for Absence	
02-19	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
03-19	Minute of Previous Meeting – 21 November 2018	X
04-19	Matters Arising from the Previous Meeting	
	Matters for Decision	
05-19	Finance Strategy 2018-2021	X
06-19	Financial Regulations	X
07-19	Course Fees, Academic Year 2019-20	X
08-19	Letting Charges, Academic Year 2019-20	X
	Matter for Discussion	
09-19	Combined Heat and Power Proposal	X
	Matter for Information	
10-19	Annual Procurement Report	X
11-19	Summation of Business and Date of Next Meeting	
	Reserved Items of Business	
	Matter for Information – Performance Reporting	
12-19	Student Funding	
13-19	Any Other Business	
14-19	Summation of Reserved Items of Business	

FINANCE & RESOURCES COMMITTEE

Draft Minutes of the meeting of the Finance & Resources Committee held on 21 November 2018 at 1330 hours in G10, Aberdeen City Campus.

Agenda Item	
	<p>Present: David Anderson Martin Dear Abdul Elghedafi John Henderson – Chair Liz McIntyre Neil McLennan Abby Miah Ken Milroy Adrian Smith – Vice Chair</p> <p>In attendance: Peter Smith, Vice Principal Finance & Resources Pauline May, Secretary to the Board Zoe Burn, Minute Secretary</p> <p>In attendance for Agenda Item 46-18 only: Ian Gossip Andrew Russell Adrian Smith Sarah Croft – EY Graham Gillespie – Wylie & Bisset Steven Reid – EY</p>
	<p>Reserved Items of Business – Matter for Decision (considered in conjunction with the Finance & Resources Committee)</p>
46-18	<p>Financial Statements for the Year to 31 July 2018</p>

	<i>Mr Gossip, Mr Adrian Smith, Mr Russell, Ms Croft, Mr Gillespie and Mr Reid left the meeting at this time.</i>
47-18	Apologies: No apologies were presented.
48-18	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items Mr Henderson declared a potential conflict of interest in relation to Agenda Item 51-18 by virtue of his role as a Trustee of the NES FE Foundation. Mr Adrian Smith declared potential conflicts of interest by virtue of his role as a Director of ASET.
49-18	Minutes of Previous Meeting – 26 September 2018 The minutes were approved as a true and accurate record.
50-18	Matters Arising from the Previous Meeting Members noted the matters arising report and no further matters were noted.
	Matters for Information
51-18	Estates Update Members noted a paper providing information on the status of current estate projects. Mr Peter Smith proposed that the Committee be provided with regular reports regarding estates matters as work commences on the College's new Estates Strategy. Members supported this proposal. It was reported that the College's advisers had suggested that the marketing of the site of the former Balgownie Centre should commence in Spring 2019. It was also noted that discussions surrounding the potential sale of the Gordon Centre would be held later in the year as work to develop the new Estates Strategy progresses.

	<p>Members were advised that discussions regarding the College's new Estates Strategy would be held as part of the Board's upcoming Strategy Event.</p> <p>Mr Peter Smith provided Members with information on current SFC discussions relating to a national strategy for the college sector in relation to estates development and related future funding. Current SFC and Scottish Government discussions regarding the level of the backlog maintenance across the sector were also noted.</p>
52-18	<p>Flexible Workforce Development Fund Update</p> <p>The Committee noted a paper on the latest position with regard to the delivery of the Flexible Workforce Development Fund, with the Principal advising that there would be a nationwide review of the distribution of funds in January 2019.</p> <p>A discussion followed noting FWDF challenges and opportunities for both colleges and employers. Mr Anderson advised of a scheme similar to the FWDF which operates in England, and it was agreed that it would be helpful for him to share further information on this with Mr Milroy and the Principal.</p> <p>It was noted that it may be helpful for the issues discussed under this Agenda Item to be raised with Ms Senior at the Board's upcoming Strategy Event.</p>
	<p><i>Mr Elghedafi left the meeting at this time.</i></p>
53-18	<p>An Independent Review of Student Support in Scotland – Findings & Recommendations</p> <p>Members noted a paper providing information on the outcome, recommendations and progress of the Scottish Government-initiated Independent Review of Student Support.</p> <p>Ms Miah highlighted concerns students may have regarding some of the Review's recommendations, including the use of loans and the frequency of payments. The Committee also noted its concerns regarding the potential costs to the sector of implementing all of the Review's recommendations.</p>
54-18	<p>Teachers' Pension Fund – Employers' Contribution Rate</p> <p>The Committee noted a paper advising of potential increases in the cost of contributions to the Teachers' Pension Scheme.</p> <p>Mr Peter Smith advised that the College's Financial Controller (Business Management) had attended a sector event on this issue the previous day and that feedback that would be shared from this would further clarify potential changes and impacts.</p> <p>Ms McIntyre highlighted that it was proposed that the increases come into effect from April 2019 and that, if implemented, this would therefore impact on the budget for the current year.</p> <p>Mr Milroy advised that he and Ms McIntyre were highlighting this issue during the current series of meetings with individual MPs and MSPs.</p>
55-18	<p>Summation of Business and Date of Next Meeting</p> <p>The Secretary gave a summation of the business conducted. The next meeting of the Finance & Resources Committee is scheduled to take place on Wednesday 30 January 2019 at 1400 hours at Aberdeen City Campus.</p>

	Reserved Items of Business – Matter for Discussion – Performance Reporting
56-18	Financial Performance
57-18	Student Funding
58-18	Credit Activity AY2018-19

59-18	Any Other Business No other business was raised.
60-18	Summation of Reserved Items of Business The Secretary gave a summation of the reserved business conducted
	Meeting ended 1500 hours

Agenda Item	Actions from Finance & Resources Committee 21/11/18	Responsibility	Deadline
46-18			
52-18	Information on a scheme similar to FWDF which operates in England to be shared with Regional Chair and Principal.	D. Anderson	As soon as possible

Signed:.....

Date:

FINANCE & RESOURCES COMMITTEE	
Meeting of 30 January 2019	
Title: Finance Strategy 2018-21	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): Jim Kirkwood - Financial Controller(Business Management), Muir Wilson – Financial Controller (External Affairs)
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to approve the College’s Finance Strategy 2018-21.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: 16. Operate an academic year budget which utilises all available budget resources in line with fiscal year cash allocations.	
Executive Summary: This Finance Strategy, attached as Appendix 1, aims to support the delivery of the College’s Strategic Plan 2018-2021 through four key themes: <ul style="list-style-type: none"> • Financial Sustainability • Resource Deployment • Liquidity • Innovation and Flexibility. <p>Within the constraints of public sector financial regulation, the Strategy sets out clear priorities and ambitions for the College’s use of the financial resources available to it.</p> <p>The Senior Management Team considered the Strategy at its meeting of 18 December 2018.</p>	

Recommendation:

It is recommended that the Committee approve the Finance Strategy 2018-21.

Previous Committee Recommendation/Approval (if applicable):

None

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

1. Aim

- 1.1 The aim of the Finance Strategy is to ensure that the College will maintain its financial sustainability while providing the capacity to develop its curriculum and business support functions in order to afford high quality service provision for customers and provide security for staff. It will ensure the College complies with all applicable regulatory obligations.

2. Introduction and Context

- 2.1 In its Strategic Plan 2018 – 2021, North East Scotland College (NESCol) has identified five Strategic Themes with accompanying Strategic Goals. These are: -
- 2.1.1 Strategic Theme: Being Responsive
Strategic Goal One: Deliver high quality, accessible and inclusive learning and training opportunities, which transforms lives and which support the economic and social development of our region.
 - 2.1.2 Strategic Theme: Developing People
Strategic Goal Two: Develop the skills, talents and potential of all of the people who come to college either to learn or to work.
 - 2.1.3 Strategic Theme: Working in Partnership
Strategic Goal Three: Work with our partners to deliver positive and sustainable change for the individuals, communities and businesses in our region.
 - 2.1.4 Strategic Theme: Delivering Quality
Strategic Goal Four: Deliver an excellent learning environment and experience leading to successful outcomes for all learners.
 - 2.1.5 Strategic Theme: Building Sustainability
Strategic Goal Five: Optimise the use of our available resources to deliver financial and environmental sustainability.
- 2.2 A number of Strategic Objectives have been identified in relation to each Strategic Theme Goal which detail how they will be achieved. This supporting Strategy aims to ensure progress against the following Strategic Objectives: -
- Strategic Goal Four, Objectives 4.8, 4.9; and
 - Strategic Goal Five, Objectives 5.1, 5.2, 5.3 and 5.5.

3. Strategy Themes and Objectives

- 3.1 The College has identified four key themes that will be crucial in ensuring that its strategic ambitions relating to Finance are achieved:
- 3.1.1 Key theme one: **Financial Sustainability**
 - 3.1.2 Key theme two: **Resource Deployment**
 - 3.1.3 Key theme three: **Liquidity**
 - 3.1.4 Key theme four: **Innovation and Flexibility**

- 3.1.1 With regard to **Financial Sustainability**, the College will strive to: -
- Prioritise ongoing Outcome Agreement negotiations with the SFC to ensure the needs of North East Scotland are recognised and that the College receives a resource allocation to meet demand and deliver on national and local priority areas;
 - Manage its financial resources to allow it to fund the maintenance of its estate and IT infrastructure, together with future identified estates developments; and
 - Ensure all costs are identified, accounted and planned for over a 5-five-year planning period.
- 3.1.2 With regard to **Resource Deployment**, the College will strive to: -
- Allocate resources through a budgeting cycle which considers external economic influence and utilises scenario planning techniques;
 - Fully utilise its allocation from SFC on both an academic and financial year basis;
 - Ensure that strategic priorities, including estates, IT and curriculum planning are fully integrated into the budget cycle; and
 - Ensure expenditure on staff costs is maintained at a level of no more than 60% of turnover.
- 3.1.3 With regard to **Liquidity**, the College will ensure that it uses the facilities available to it to: -
- Maximise returns against agreed risk profiles and within the constraints of the public sector regulatory framework; and
 - Retain adequate cash reserves, at a level of not less than 10 days trading activity, while meeting Scottish Government cash flow requirements.
- 3.1.4 With regard to **Innovation and Flexibility**, the College will seek to: -
- Optimise the use of SFC income to support innovation in learning and teaching while continuing to deliver against our core performance indicators; and
 - Maximise funding from sources other than the SFC, with such funding to be at a level of not less than 28%.

4. Responsibilities

- 4.1 The Finance and Resources Committee will be responsible for approving the Strategy.
- 4.2 The Vice Principal – Finance and Resources will monitor the Strategy's implementation and review the Strategy to ensure it continues to meet the College's needs.
- 4.3 The Financial Controller – Business Management will liaise with members of the Leadership Team to ensure that the Strategy is implemented across all faculties and support departments.
- 4.4 The Finance Team will support the implementation of the Strategy.

5. Monitoring and Review

- 5.1 The Finance and Resources Committee will review progress in relation to the implementation of the Strategy by considering performance reports in accordance with its meeting cycle.
- 5.2 Progress will be monitored through regular updates to the Senior Management Team.
- 5.3 Updates will be shared with the Leadership Team to encourage collaborative working and consultation in support of the Strategy as appropriate.
- 5.4 The Vice Principal – Finance and Resources will evaluate the Strategy's implementation to identify required actions in response to any emerging issues or priorities.

6. Related Documents

- 6.1 Strategic Plan
- 6.2 Outcome Agreement
- 6.3 College Strategies: People Strategy, Health & Safety Strategy, Information Technology Strategy, Marketing & Communications Strategy
- 6.4 College Financial Regulations and suite of Finance Policies and Procedures
- 6.5 Finance Enhancement Plan

Status: Draft for consideration

Approved by: Finance & Resources Committee

Date of Version: January 2019

Date of EIA: TBC

Responsible for Strategy: *Vice Principal – Finance and Resources*

Responsible for Implementation of Strategy:

Date of Review: January 2021

FINANCE & RESOURCES COMMITTEE	
Meeting of 30 January 2019	
Title: Financial Regulations	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): Jim Kirkwood - Financial Controller (Business Management), Muir Wilson - Financial Controller (External Affairs), Pauline May - Head of Strategy & Planning, Colin Brodie - Purchasing Manager
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to approve the College's revised Financial Regulations.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: 16. Operate an academic year budget which utilises all available budget resources in line with fiscal year cash allocations.	
Executive Summary: The Committee last approved the College's Financial Regulations in in January 2018. The draft Financial Regulations, attached as Appendix 1, represent a change in format, now being based on the Chartered Institute of Public Finance and Accountancy (CIPFA) " <i>A Model Set of Financial Regulations for Academies, Colleges and Universities</i> ", published in 2013. While the substance of the Financial Regulations has not been altered, the updated version includes a greater emphasis on contextualising the regulatory framework under which the College operates. It also clarifies approval routes for expenses and procurement, and updates approval levels to reflect current operations.	

Recommendation:

It is recommended that the Committee approve the updated Financial Regulations.

Previous Committee Recommendation/Approval (if applicable):

January 2018

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

FA3.2

North East Scotland College Financial Regulations

History of Changes

Version	Description of Change	Authored by	Date
2.0	New version created, based on CIPFA Model Financial Regulations	P Smith	January 2019

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Section A – General Provisions

1 Background

- 1.1** North East Scotland College is a further education corporation created under the provisions of the Further and Higher Education (Scotland) Act 1992, as amended by the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013. Its structure of governance is laid down in the instrument and articles of governance. The College is accountable through its Regional Board, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2** The College is a charity, number SC021174, registered with the Office of the Scottish Charity Regulator (OSCR).
- 1.3** The financial memorandum between the Scottish Further and Higher Education Funding Council (SFC) and the College sets out the terms and conditions on which grant is made. The Regional Board is responsible for ensuring that conditions of grant are met, including the requirement for the College to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1** This document sets out North East Scotland College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by the Finance and Resources Committee on **30 January 2019**. It applies to the College and all its subsidiary undertakings.
- 2.2** These financial regulations are subordinate to the College's instruments and articles of governance and to any restrictions contained within the College's financial memorandum with the SFC.
- 2.3** The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives on a sustainable basis, including: -
- Maintaining financial sustainability;
 - Achieving value for money;
 - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
 - Ensuring that the institution complies with all relevant legislation; and
 - Safeguarding the assets of the institution.

- 2.4** Compliance with the financial regulations is compulsory for all staff of the College or its subsidiaries. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. Any such breach may be notified to the Regional Board through the Audit and Risk Committee. It is the responsibility of all managers to ensure that their staff members are made aware of the existence and content of the College's financial regulations.
- 2.5** The Finance and Resources Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Vice Principal – Finance and Resources, and for advising the Regional Board of any additions or changes necessary.
- 2.6** In exceptional circumstances, this Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the governing body at the earliest opportunity.
- 2.7** The College's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual.
- 2.8** The Financial Regulations should be read in conjunction with relevant guidance on accountability or propriety issued by: -
- The SFC;
 - Audit Scotland;
 - National Audit Office or the Scottish Parliament Public Audit and Post-legislative Scrutiny Committee;
 - Government Financial Reporting Manual;
 - Government Internal Audit Manual;
 - International GAAP & SORP: Accounting for Further and Higher Educational Institutions; and
 - Scottish Public Finance Manual.

Section B – Corporate Governance

3 The Regional Board

- 3.1** The Regional Board is responsible for the oversight of the management and administration of the College. Its financial responsibilities are: -
- Administering and managing the College, its property, rights, liabilities and obligations with the funds available from all sources;
 - Appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal and other senior postholders;
 - Determining tuition fees where these are not set centrally and deciding on which individual courses should be offered;
 - Agreeing development plans for all College activities (including business plans for commercial activities);
 - Allocating finance and other resources to these planned activities;
 - Monitoring, reviewing and reporting on the general performance of the College and ensuring that its plans are being achieved;
 - Ensuring that the College has in place effective internal control systems to safeguard the assets of the College and to prevent and detect fraud;
 - Approving the appointment of an internal audit service;
 - Planning and conducting its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure; and
 - Approving the College's strategic plans.
- 3.2** To assist the Regional Board in meeting these responsibilities, the Board will maintain an Audit and Risk Committee in accordance with the best practice principles of corporate governance. The Board will also maintain a Finance and Resources Committee, Remuneration Committee and other committees as appropriate. The responsibility of the Chairs of the Committees will be set out in the Board's Standing Orders.
- 3.3** The Regional Board shall be responsible for ensuring that funds from the SFC are used only in accordance with the Acts, The Financial Memorandum and any other conditions as prescribed by the SFC from time to time. It is also responsible for ensuring that the financial and other management controls applied by the College are sufficient to safeguard funds received from the SFC.
- 3.4** The Board shall, for the purposes stated above, require the Principal to exercise responsibility for the control of resources, for seeking economy, efficiency and effectiveness in the use of all the College's resources, and for ensuring that financial considerations are taken into account at all stages in framing and reaching decisions and in their implementations.
- 3.5** The Vice Principals shall be nominated representatives of the Principal when the latter

is absent for any reason and shall be deemed to have the same authority for the purposes of these regulations in such eventualities.

4 Accountable Officer

- 4.1** The College Principal is responsible for the detailed administration of the College and will act as the Chief Executive of the College and the Board's Chief Educational Adviser.
- 4.2** As Accountable Officer of the College, the Principal is responsible for satisfying the Regional Board that funds provided to the College are used only in accordance with the Act, the Financial Memorandum issued by the SFC and other SFC conditions. The Principal may be required to justify any of the institution's financial matters to the Public Audit and Post-legislative Scrutiny Committee of the Scottish Parliament.
- 4.3** The Principal is ultimately responsible to the Board for the control of resources, for seeking economy, efficiency and effectiveness in the use of the College's resources and for ensuring that financial considerations are taken into account at all stages of decision making.
- 4.4** In particular, the Principal shall: -
- Sign the accounts and ensure satisfactory and adequate records are retained in a form acceptable for presentation to the Scottish Government;
 - Advise the Regional Board on the proper discharge of their financial duties;
 - Satisfy the Board that there is compliance with all such terms and conditions to which reference is made in the Financial Memorandum and advise the Board if, at any time, in his/her opinion, any action or policy under consideration of the Board is incompatible with the terms and conditions of the Memorandum;
 - Notify the Board and the Chief Executive of the SFC, without delay, of any matters of serious concern, including irregularities and fraud, regarding the College's financial affairs;
 - Ensure that the requirements of Government Accounting are met; and
 - Be authorised to write-off losses and instruct special payments (subject to limitations made by the SFC).
- 4.5** The Principal may be assisted in the exercise of these functions by employees of the College, but shall not assign absolutely to any person the responsibility set out in this section.

5 Committee Structure

5.1 The Regional Board has ultimate responsibility for the College's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Regional Board. Details of the College's Committee Structure and the terms of reference of those committees are published on the College's intranet and external website. The key committees with regard to these Financial Regulations are identified below.

5.2 Finance and Resources Committee

Monitoring of the College's financial position and financial control systems is undertaken by the Finance and Resources Committee. The Committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Regional Board. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the duties of the Board and make recommendations accordingly. The Committee will also ensure that the Board has adequate information to enable it to discharge its financial responsibilities.

5.3 Audit and Risk Committee

Colleges are required by their financial memorandum with the SFC to appoint an Audit Committee. The Audit and Risk Committee is independent and advisory and reports to the Regional Board. It has the right of access to obtain all information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. It has a role in reviewing the College's systems of internal control and risk managements.

5.4 Remuneration Committee

Consideration of the pay and conditions of the Principal and certain other senior postholders is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Regional Board on their remuneration, including pay and other benefits, as well as contractual arrangements.

5.5 Subsidiary companies will operate their own committee structures for budget approval and management; however the group position will be considered as part of the College's overall committee structure.

6 Chief Financial Officer

6.1 The Vice Principal – Finance and Resources is the College’s designated Chief Financial Officer. The Vice Principal – Finance and Resources is responsible for the administration of the financial affairs of the College, including: -

- Developing and implementing the College’s Financial Strategy;
- Preparing annual capital and revenue budgets and financial plans;
- Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- Preparing the College’s annual accounts and other financial statements and accounts which the College is required to submit to the SFC and other authorities;
- Ensuring that the College maintains satisfactory financial systems;
- Providing professional advice on all matters relating to financial policies and procedures; and
- Day-to-day liaison with internal and external auditors in order to create efficient processes.

The implementation of operational financial management may be delegated to the College’s Financial Controllers.

The structure of the Finance Department, with individual roles and responsibilities, is published on the College’s intranet.

7 Other College Management and Staff

7.1 College Leadership Team

All members of the College’s Leadership Team and other budget holders are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Vice Principal – Finance and Resources in executing their financial duties. The Vice Principal – Finance and Resources will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept. Leadership Team members are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Where resources are devolved to budget holders, they are accountable to their managing Leadership Team member for their own budget and for complying with approved financial procedures.

Leadership Team members shall timeously provide the Vice Principal – Finance and Resources with such information as may be required to enable:

- Compilation of the College’s financial statements;
- Implementation of financial planning; and

- Implementation of audit and financial reviews, projects and value for money studies.

7.2 All Members of Staff

All members of staff should be aware of and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of and comply with the College's financial authority limits and the value of purchases for which quotations and tenders are required (see **Appendix A**).

They shall make available any relevant records or information to the Vice Principal – Finance and Resources or his or her authorised representative in connection with the implementation of the College's financial policies, these Financial Regulations and the system of internal control.

They shall provide the Vice Principal – Finance and Resources with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Regional Board.

They shall immediately notify the Vice Principal – Finance and Resources whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the College. The Vice Principal – Finance and Resources shall take such action as he or she deems necessary by way of investigation and report.

8 Risk Management

8.1 Risk management can be defined as '*coordinated activities to direct and control an organisation with regards to risk.*' The institution acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable or unacceptable by the institution will be set out in a separate risk management strategy.

8.2 The Regional Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedding within the organisation of a formal, structured risk management process.

8.3 In line with this policy, the Regional Board requires that the risk management strategy and supporting procedures include: -

- the adoption of common terminology in relation to the definition of risk and risk management;
- the establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measureable outcomes (see above);
- a decision on the level of risk to be covered by insurance (see 23.1);
- detailed regular review of faculty or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas;
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
- regular reporting to the governing body of all risks above established tolerance levels;
- an annual review of the implementation of risk management arrangements; and
- the capability for independent verification.

9 Whistleblowing

9.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party, see **Appendix B**) about malpractice in the workplace. A whistle-blower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment **or breach of the financial regulations** and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

9.2 Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager or head of department. However, the institution recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.

9.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose. If the member of staff does not wish to raise the matter with the designated member of staff, or the matter concerns the Principal, it may be raised with the Secretary to the Board who will inform the Chair of the Regional Board. If the matter concerns the Chair of the Regional Board, it may be raised with the Secretary to the Board who will inform the Senior Independent Member.

- 9.4** The full procedure for whistleblowing is set out in the College's separate whistleblowing policy, which is available through the Human Resources department. Further details of the Public Interest Disclosure Act are set out at **Appendix B**.

10 Code of Conduct

- 10.1** The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. These principles are set out at **Appendix C**. In addition, the College expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers: -

- probity and propriety;
- selflessness, objectivity and honesty; and
- relationships.

Regional Board members are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest which they will need to manage appropriately.

- 10.2** Additionally, members of the Regional Board and senior management are required to disclose interests in the College's register of interests maintained by the Secretary to the Regional Board. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

- 10.3** In particular, no person shall be a signatory to an institution contract where he or she also has an interest in the activities of the other party.

10.4 Receiving Gifts or Hospitality

The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The College maintains an Anti-Bribery and Corruption Policy, which is published on the intranet.

The guiding principles to be followed by all members of staff must be: -

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest; and
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the institution would be likely to provide in return.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Vice Principal – Finance and Resources, or the Principal. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Principal's office will maintain a register of gifts and hospitality received where the value is in excess of £10.00. Members of staff in receipt of such gifts or hospitality are obliged to notify the Secretary to the Regional Board.

Section C – Financial Management and Control

11 Financial Planning

11.1 Budgeting Period

The Vice Principal – Finance and Resources is responsible for preparing annually a rolling five-year financial plan for approval by the Regional Board on the recommendation of the Finance and Resources Committee and for preparing financial forecasts for submission to the SFC. Financial plans should be consistent with the strategic plans and estates strategy approved by the Regional Board.

11.2 Budget Objectives

The Regional Board will, from time to time, set budget objectives for the institution. These will help the Vice Principal – Finance and Resources in preparing his or her more detailed financial plan for the institution.

11.3 Resource Allocation

Resources are allocated annually by the Regional Board on the recommendation of the Finance and Resources Committee, and on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

11.4 Budget Preparation

The Vice Principal – Finance and Resources is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and Resources Committee before submission to the Regional Board. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Vice Principal – Finance and Resources will ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Board.

During the year, the Vice Principal – Finance and Resources is responsible for submitting revised budgets to the Finance and Resources Committee for consideration.

11.5 Capital and Revenue Maintenance Programme

The capital and revenue maintenance programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Regional Board.

The Vice Principal – Finance and Resources will establish protocols for the inclusion of capital projects in the programme for approval by the Regional Board. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

The Vice Principal – Finance and Resources will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The Vice Principal – Finance and Resources is responsible for providing regular statements concerning all capital expenditure to the Finance and Resources Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance and Resources Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in SFC guidelines.

11.6 Other Major Developments Including Overseas Activity

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £100,000 must be presented for approval to the Finance and Resources Committee. The College must have due regard to the relevant guidelines issued by the SFC.

The Vice Principal – Finance and Resources will establish protocols for these major developments to enable them to be considered for approval. These will set out the information that is required for each proposed development including a business plan, using a risk-based approach and covering risk and accountability issues, as well as the financial criteria they are required to meet.

12 Financial Control

12.1 Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively.

Significant departures from agreed budgetary targets must be reported immediately to the Vice Principal – Finance and Resources and, if necessary, corrective action taken.

12.2 Financial Information

Budget holders are assisted in their duties by management information provided by the Vice Principal – Finance and Resources. The type of management information available is described in the detailed financial procedures, together with the timing at which they can be expected.

The Vice Principal – Finance and Resources is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance and Resources Committee on a basis determined by the Committee but subject to any specific requirements of the SFC.

12.3 Changes to the Proposed Budget

Changes proposed to the approved budget will be first considered by the Finance and Resources Committee, which will make proposals to the Regional Board as appropriate.

13 Accounting Arrangements

13.1 Financial Year

The College's financial year will run from 1 August until 31 July the following year.

13.2 Basis of Accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

13.3 Format of the Financial Statements

The financial statements are prepared in accordance with Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of the SFC.

13.4 Capitalisation and Depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

13.5 Accounting Records

The Vice Principal – Finance and Resources is responsible for the retention of financial documents. These will be kept in a form that is acceptable to the relevant authorities. These include: -

- Official purchase orders;
- Paid invoices;
- Accounts raised;
- Bank statements;
- Copies of receipts;
- Paid cheques; and
- Payroll records including part-time lecturers contracts.

The Vice Principal – Finance and Resources will make appropriate arrangements for the retention of electronic records.

The College is required by law to retain prime documents for the previous six years. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

13.6 Public Access

Under the terms of the Charities Act 1993, the Regional Board is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The College will also allow members of the public to inspect the statement of accounts during normal working hours and publish them on its website.

13.7 Taxation

The Vice Principal – Finance and Resources is responsible for advising the College Leadership Team on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the institution. The Vice Principal – Finance and Resources will issue instructions on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.

The Vice Principal – Finance and Resources is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

14 Audit Requirements

14.1 General

External auditors and internal auditors shall have authority to: -

- access College premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the institution to account for cash, stores or any other institution property under his or her control.; and
- access records belonging to third parties, such as contractors when required.

The Vice Principal – Finance and Resources is responsible for drawing up a timetable for final accounts purposes and will advise staff and external auditors accordingly.

The financial statements will be reviewed by the Audit and Risk Committee and the Finance and Resources Committee. On the recommendation of the Finance and Resources Committee and Audit and Risk Committee they will be submitted to the Regional Board for approval.

14.2 External Audit

Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General is responsible for the appointment of the external auditors of the College.

The primary role of external audit is to report on the institution's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. The external auditors address their report and opinion jointly to the Auditor General for Scotland and the members of the Regional Board. Their duties will be in accordance with advice set out in the SFC's Code of Audit Practice and the Auditing Practices Board's Statement of Auditing Standards.

14.3 Internal Audit

The internal auditor is appointed by the Regional Board on the recommendation of the Audit and Risk Committee.

The College's Financial Memorandum with the SFC requires that it has an effective internal audit function and that the duties and responsibilities of that function are in accordance with advice set out in the SFC's Code of Audit Practice. The main responsibility of internal audit is to provide the Regional Board, the Principal and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Regional Board, the Principal and the Chair of the Audit and Risk Committee.

14.4 Fraud and Corruption

It is the duty of all members of staff, management and the Regional Board to notify the Vice Principal – Finance and Resources immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The College's Policy and Response Plan is published on the intranet.

The Vice Principal – Finance and Resources shall immediately invoke the fraud response plan, which incorporates the following key elements: -

- He or she will notify the Principal and the Audit and Risk Committee (through its Chair) of the suspected fraud or irregularity and shall take such steps as he or she considers necessary by way of investigation and report;
- The Principal shall involve the police if a criminal offence is suspected of having been committed;
- Any significant case of fraud shall be reported to the SFC in accordance with its requirements;
- The Audit and Risk Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate; and
- The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit and Risk Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Vice Principal – Finance and Resources and/or the Principal, the member of staff shall notify the Secretary to the Regional Board who will inform the Chair of the Audit and Risk Committee.

14.5 Value for Money

It is a requirement of the Financial Memorandum that the Regional Board of the College is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the SFC, the Audit Scotland, the Public Accounts Committee or other relevant bodies.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit and Risk Committee to refer to value for money in its annual report.

14.6 Other Auditors

The College may, from time to time, be subject to audit or investigation by external bodies such as the SFC, Audit Scotland, the European Court of Auditors, HM Revenue and Customs. They have the same rights of access as external and internal auditors.

15 Treasury Management

15.1 Treasury Management Policy

The Finance and Resources Committee is responsible for approving a Treasury Management Policy (based on CIPFA's Treasury Management in the Public Services: Code of Practice) together with cross-sector guidance and sector specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings.

The Policy and any treasury management activity must comply with principles of the Scottish Public Finance Manual, including: -

- The College must minimise cash balances held, drawing down cash from the SFC monthly to match anticipated monthly cash outflows;
- Commercial borrowing is not permitted, except in exceptional circumstances and with the prior approval of SFC and Scottish Government; and
- Long-term investment is not normally permitted.

15.2 Appointment of Bankers and Other Professional Advisers

Wherever possible, the College is expected to utilise the Scottish Government Banking Services facilities. Any additional appointment of bankers and other professional advisers will be made by the Regional Board on the recommendation of the Finance and Resources Committee, having due regard to competitive tendering requirements.

15.3 Banking Arrangements

The Vice Principal – Finance and Resources is responsible, on behalf of the Finance and Resources Committee, for liaising with the College’s bankers in relation to the College’s bank accounts.

On approval of the Finance and Resources Committee, only the Vice Principal – Finance and Resources may open and close a bank account for dealing with the College’s funds. All bank accounts will be in the name of the College or its subsidiaries and instructions on the account will require two signatories.

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance and Resources Committee. Details of authorised persons and limits shall be provided for in the College’s detailed financial procedures.

The Vice Principal – Finance and Resources is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

16 Income

16.1 General

The Vice Principal – Finance and Resources is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices or other official documents in use and electronic collection systems must have the prior approval of the Vice Principal – Finance and Resources.

Levels of charges for commercial contracts, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance and Resources Committee.

The Vice Principal – Finance and Resources is responsible for the prompt collection, security and banking of all income received.

The Vice Principal – Finance and Resources is responsible for ensuring that all grants notified by the SFC and other bodies are received and appropriately recorded in the College's accounts.

The Vice Principal – Finance and Resources is responsible for ensuring that all claims for funds are made by the due date.

16.2 Maximisation of Income

It is the responsibility of all staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Vice Principal – Finance and Resources of sums due so that collection can be initiated.

16.3 Receipts of Cash, Cheques and Other Negotiable Instruments

All monies received within departments or faculties from whatever source must be recorded on a daily basis together with the form in which they were received, for example cash, cheque and other negotiable instruments.

All monies received must be paid to the Finance Department promptly, and in accordance with the timetable laid out by the Vice Principal – Finance and Resources. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or paid into a petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

16.4 Receipts by Credit or Debit Card

The College can receive payments by debit or credit card in person or over the telephone using merchant terminals provided by the College's banker. These terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.

In operating this facility, the College is bound by the Payment card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is

stored, processed and transmitted securely.

The Vice Principal – Finance and Resources is responsible for ensuring the College maintains PCI DSS compliance, which is monitored by the bank's merchant services unit.

16.5 Collection of Debts

The Vice Principal – Finance and Resources will ensure that: -

- debtor invoices are raised promptly on official invoices, in respect of all income due to the College;
- invoices are prepared and recorded completely and accurately, showing the correct amount due and are credited to the appropriate income code;
- any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged where appropriate, and accounted for;
- monies received are posted to the correct debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the financial procedures; and
- outstanding debts are monitored and reports prepared for management.

Only the Vice Principal – Finance and Resources can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

Requests to write off individual debts in excess of £3,000 must be referred in writing to the Vice Principal – Finance and Resources for submission to the Finance and Resources Committee for consideration. Debts below this level may be written off with the permission of the Vice Principal – Finance and Resources.

In accordance with the Financial Memorandum, the College must also report annually detailing all debts written off at a value in excess of £3,000 (£6,000 in the case of overseas student fees)

16.6 Student Fees

The procedures for collecting tuition fees must be approved by the Vice Principal – Finance and Resources. He or she is responsible for ensuring that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

16.7 Refunds

The College seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2007. Where refunds are required, they

should be made to the original payer and follow the method by which the money was received.

16.8 Student Emergency/Hardship Loans

The College's scheme for emergency/hardship loans must be approved by the Regional Board. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Vice Principal – Finance and Resources is responsible for ensuring the adequacy of the systems in place for: -

- approving loans in accordance with the scheme;
- paying loans that have been approved; and
- recovering loans that have been paid.

17 Commercial Contracts and Other Income-Generating Activity

17.1 Private Consultancies and Other Paid Work

Unless otherwise stated in a member of staff's contract: -

- Outside consultancies or other paid work may not be accepted without the consent of Principal;
- Outside consultancies must not conflict with the work of the College; and
- Applications for permission to undertake work as a purely private activity must be submitted to the Principal, and include the following information: -
 - the name of the member(s) of staff concerned;
 - title of the project and a brief description of the work involved;
 - the proposed start date and duration of the work;
 - full details of any institution resources required (for the calculation of the full economic cost); and
 - an undertaking that the work will not interfere with the teaching and normal institutional duties of the member(s) of staff concerned.

17.2 Short Courses

In this context a short course is any course that does not form part of the planned award-bearing teaching load of the Faculty and may, instead, be a source of commercial income.

Any staff wishing to run a short course must have the permission of his or her Faculty and have the financial implications confirmed by the Finance Department. The course organiser will be responsible to the Faculty for day-to-day management of the course.

17.3 Collaborative Provision Including Franchising

Any contract or arrangement whereby the institution provides education to students away from institution's premises, or with the assistance of persons other than the institution's own staff or with independent contractors (partner organisations), must be subject to the following procedure: -

- There shall be a contract signed by the Principal or Vice Principal – Finance and Resources and on behalf of any partner organisation that shall comply with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the governing body;
- The form of the contract shall be scrutinised in advance of its operation by the Audit and Risk Committee and approved by the Finance and Resources Committee or Regional Board;
- The impact of the contract(s) shall be subject to scrutiny by Finance and Resources Committee or Regional Board. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the institution's financial forecast; and
- Where the partnership would represent a significant departure from the institution's strategic plan, the Regional Board shall approve the departure, and the Principal shall seek the views of and inform the funding body.

17.4 European Union and Other 'Match Funding'

Any such project requires the approval of the Vice Principal – Finance and Resources prior to any commitment being entered into. Such approval shall be dependent upon the relevant Director of Learning being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the institution's costing and pricing policy.

If the institution sub-contracts such work to external providers, the relevant Director of Learning shall ensure that: -

- this is on the basis of a written contract which allows for full audit access to detailed records;
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality; and
- payments are only made against detailed invoices.

17.5 Profitability and Recovery of Overheads

All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Director of Learning and Vice Principal – Finance and Resources.

Other income-generating activities organised by members of staff must be costed and agreed with Vice Principal – Finance and Resources before any commitments are made. Provision must be made for charging both direct and indirect costs in

accordance with the College's costing and pricing policy, in particular for the recovery of overheads.

17.6 Deficits

Where a planned surplus was intended to supplement Faculty or departmental budgets, any unplanned deficits incurred on other income-generating activities will be a charge to Faculty or departmental budgets.

17.7 Additional Contributions to Departments

Distribution of surpluses on other income-generating activity between central funds of the College and individual Faculties or departments will be agreed by the Vice Principal – Finance and Resources.

17.8 Additional Payments to Staff

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Director of Learning, and in the case of a Director of Learning, the Principal. The tax treatment of such proposals must be confirmed with the Finance Department in advance of the agreement being signed off.

18 Intellectual Property Rights and Patents

18.1 General

Certain activities undertaken within the College may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

18.2 Patents

The Finance and Resources Committee is responsible for establishing procedures to deal with any patents accruing to the institution from inventions and discoveries made by staff in the course of their work. This may involve the outsourcing of such advice and work as the Committee deems necessary.

18.3 Intellectual Property Rights

In the event of the institution deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the institution and contained in the institution's detailed financial procedures.

19 Expenditure

19.1 General

The Vice Principal – Finance and Resources is responsible for making payments to

suppliers of goods and services to the institution.

19.2 Scheme of Delegation/Financial Authorities

Budget holders are responsible for purchases within their faculty or department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Vice Principal – Finance and Resources shall maintain a register of authorised signatories. Under procedures agreed by the Vice Principal – Finance and Resources, central control shall be exercised over the creation of requisitioners and authorisers and their respective limits (for electronic systems).

Any changes to the authorities to commit expenditure must be notified to the Vice Principal – Finance and Resources immediately.

Budget holders are not authorised to commit the institution to expenditure without first reserving sufficient funds to meet the purchase cost.

Approval limits for items of expenditure are shown at **Appendix A**.

19.3 Procurement

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability and equalities legislation, and in accordance with the College's Procurement Strategy and Policy, taking into account framework agreements as appropriate.

The procurement function is the responsibility of the Vice Principal – Finance and Resources. It will: -

- Ensure that the Procurement Policy is known and observed by all involved in procurement for the College;
- Provide advice on matters of College procurement policy and practice;
- Provide advice to and assist Faculties and Departments where required on specific purchases;
- Develop appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations;
- Draft and negotiate all large-scale purchase contracts undertaken by the College, in collaboration with the responsible Faculty or Department; and
- Ensure that the College complies with Scottish, UK and international regulations on public procurement.

19.4 Purchase Orders

The ordering of goods and services shall be in accordance with the College's detailed

financial procedures/purchasing policies. Official institution orders must be placed for the purchase of all goods and services, except those made using purchasing cards, corporate credit cards or petty cash.

It is the responsibility of the Vice Principal – Finance and Resources (through the College's Purchasing Manager) to ensure that all purchase orders refer to the College's conditions of contract.

19.5 Purchasing Cards, Credit and Debit Cards

The operation and control of the College's purchasing cards, credit and debit cards are responsibility of the Vice Principal – Finance and Resources. There will be appropriate oversight of the distribution of such cards and the associated card limits.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Vice Principal – Finance and Resources shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.

Details of the operation of the scheme are set out in financial procedures.

19.6 Tenders and Quotations

Heads of Faculty, Department and delegated budget holders must comply with the College's tendering procedures.

19.7 Post-Tender Negotiations

Post-tender negotiations are not permitted. Where a post-tender clarification is necessary, this must be carried out under the advice of the Purchasing Manager.

19.8 Contracts

Building contracts are awarded on the recommendation of the Finance and Resources Committee and are administered by the Vice Principal – Finance and Resources. Progress will be monitored by the Committee.

Proposals will normally be initiated by the Vice Principal – Finance and Resources in respect of planned replacements, general improvement schemes, or space planning, or in response to requests from faculties and departments.

Consultants may be appointed if the project, as determined by the Finance and Resources Committee, is too large or too specialised for Facilities Department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Financial Controller (Business Management) as appropriate for Committee consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the Finance and Resources Committee, and approval by the Regional Board, submissions should be forwarded to the funding body where appropriate. If required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

The achievement of value for money will be an objective in the letting of all contracts.

Conditions of contract for the purchase of goods will be followed as described in the institution's detailed financial procedures.

19.9 EU Regulations

The Purchasing Manager is responsible for ensuring the institution complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Purchasing Manager will advise Heads of Faculty and Department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Heads of Faculty and Department to ensure that their members of staff comply with EU regulations by notifying the Purchasing Manager of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as OJEU.

19.10 Receipt of Goods

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery the record should be marked accordingly and the supplier immediately notified.

19.11 Payment of Invoices

The procedures for making all payments shall be in a form specified by the Vice Principal – Finance and Resources.

The Vice Principal – Finance and Resources is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer fortnightly. In exceptional circumstances payments by cheque may be authorised.

Budget holders are responsible for ensuring that expenditure within their area does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department.

Care must be taken to ensure that discounts receivable are obtained.

Payments will only be made by the Vice Principal – Finance and Resources against invoices that can be matched to a receipted order or have been certified for payment by the appropriate head of department or budget holder.

Certification of an invoice or receipting of an electronic order will ensure that: -

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
- where appropriate, it is matched to the order;
- invoice details (quantity, price discount) are correct;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record or departmental inventory; and
- an appropriate cost centre and ledger code is quoted – this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

19.12 Staff Reimbursement

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff

having to incur any personal expense. However, on occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5).

Where such purchases by staff are planned, the Vice Principal – Finance and Resources and the relevant Head of Faculty or Department may jointly approve cash advances to staff that are going to incur expenditure on the institution's behalf. Upon completion of the travel or project to which the advance relates, within one week a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

19.13 Petty Cash Imprests

The Vice Principal – Finance and Resources shall make available to Faculties and Departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the Vice Principal – Finance and Resources, together with appropriate receipts or vouchers, before the total amount held has been expended in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the Head of Faculty or Department or another person nominated by him or her.

A standard form for the reimbursement of petty cash is supplied by the Vice Principal – Finance and Resources and must be used for recording all imprest accounts.

19.14 Other Payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Vice Principal – Finance and Resources, supported by detailed claims approved as appropriate.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Vice Principal – Finance and Resources. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved.

19.15 Late Payment Rules

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are: -

- small businesses can charge interest on overdue invoices;
- interest is chargeable on sales made after 1 November 1998;
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England;
- the Act also applies to overseas organisations; and
- the institution can be sued for non-payment.

In view of the penalties in this Act, the Regional Board requires that invoices must be passed for payment as soon as they are received.

19.16 Project Advances

The Vice Principal – Finance and Resources may approve cash advances for projects carried out away from the institution where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an institution credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is still outstanding.

19.17 Giving Hospitality

Wherever possible, staff entertaining guests from outside bodies should use the College's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

Further details on the policy for giving hospitality are included in the College's Expenses Policy, published on the intranet.

It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf. The College's Anti-Bribery Policy is published on the intranet.

19.18 Telecoms

The institution may reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment duties, where this is agreed in advance by the Vice Principal – Finance and Resources.

The institution does not reimburse the cost of private line rental or broadband connections.

The institution provides mobile phones to a limited number of employees where there is a genuine business requirement to enable performance of employment duties and will seek to recover any costs incurred for personal use.

19.19 Provision of Clothing

Where clothing is provided to employees whose duties require them to wear a uniform, that clothing must bear an institution logo. The logo must be permanent and clearly identify the wearer as a member of staff.

20 Pay Expenditure

20.1 Remuneration Policy

All institution staff will be appointed to the salary scales approved by the Regional Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department.

The Regional Board will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for senior management will be determined by the Remuneration Committee set up by the Regional Board.

20.2 Appointment of Staff

All contracts of service shall be concluded in accordance with the institution's approved human resources practices and procedures and all offers of employment with the institution shall be made in writing by the Principal.

Budget holders shall ensure that the Vice Principal – Finance and Resources and the Director of Human Resources and Organisational Development are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

20.3 Salaries and Wages

The Vice Principal – Finance and Resources is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Vice Principal – Finance and Resources.

The Director of HR and OD will be responsible for keeping Vice Principal – Finance and Resources informed of all matters relating to human resources for payroll purposes, including: -

- appointments, resignations , dismissals, supervisions, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration other than normal increments and pay awards;
- information necessary to maintain records of service for pension, income tax, and national insurance; and
- visa checks where relevant in accordance with legislative requirements.

The Vice Principal – Finance and Resources is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

All payments must be made in accordance with the College's detailed payroll and financial procedures and comply with H M Revenue & Customs regulations. Staff should be aware that the institution could incur penalties for non-compliance with such regulations.

20.4 Pension Schemes

The Regional Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Vice Principal – Finance and Resources is responsible for day-to-day pension matters including: -

- paying contributions to various authorised pension schemes;
- preparing the annual return to various pension schemes; and
- administering eligibility to pension arrangements.

20.5 Expenses and Allowances

The institution has dispensation from H M Revenue & Customs to make payments to employees for certain specified items without deduction of income tax.

Reimbursement by the institution of expenditure not included in the dispensation is subject to the deduction of income tax before payment.

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Vice Principal – Finance and Resources.

Claims by members of staff must be authorised by their Head of Faculty or Department, or Senior Manager (or Principal in the case of Senior Management). Claims by the Principal shall be authorised by the Chair of the Regional Board. Claims by the Chair of the Regional Board shall be authorised by the Chair of the Finance and

Resources Committee. The certification shall be taken to mean that: -

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the institution; and
- consideration has been given to value for money in choosing the mode of transport.

20.6 Overseas Travel

All arrangements for overseas travel must be approved by the Principal or, in the case of a subsidiary company, the Chief Executive of that subsidiary, in advance of committing the institution to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Regional Board shall be approved by the Chair of the Board. Arrangements for travel by the Chair shall be approved by the Board. Arrangements for travel by a subsidiary Chief Executive will be at the discretion of the Board of that subsidiary.

Where spouses, partners or other persons unconnected with the institution intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

Where the institution's equipment is taken overseas, appropriate arrangements for its security and insurance must be in place.

20.7 Allowances for Members of the Governing Body

Travel claims for members of the Regional Board will be authorised by the Chair of the Regional Board. Claims for meeting attendance will be based on out-of-pocket expenses, and only reasonable expenses can be reimbursed.

20.8 Severance and Other Non-Recurring Payments

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the Human Resources Committee. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal. Any individual amounts which do not fall within the parameters above or are in excess of £50,000 require approval by the Remuneration Committee. Any individual amounts in excess of £100,000 require approval by the Regional Board. Amounts paid should be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the HR and Finance and Resources Committees at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

21 Assets

21.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land or building or fixed plant can only be undertaken with authority from the Regional Board and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

21.2 Fixed Asset Register

The Vice Principal – Finance and Resources is responsible for maintaining the institution's register of land, buildings, fixed plant, machinery, vehicles and computer equipment. Heads of Faculties and Departments will provide the Vice Principal – Finance and Resources with any information he or she may need to maintain the register.

21.3 Inventories

Heads of Faculties and Departments are responsible for maintaining inventories, in a form prescribed by the Vice Principal – Finance and Resources, for all plant, equipment, furniture and stores in their Faculty or Department. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the institution's detailed financial procedures.

21.4 Stocks and Stores

Heads of Faculties and Departments are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their areas. The systems used for stores accounting in departments must have the approval of the Vice Principal – Finance and Resources.

Heads of Faculties and Departments are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those Departments whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Vice Principal – Finance and Resources and that instructions to appropriate staff within their Departments are issued in accordance with advice contained in the College's detailed financial procedures.

21.5 Safeguarding Assets

Heads of Faculties and Departments are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Vice Principal – Finance and Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the institution shall, so far as is practical, be effectively marked to identify them as institution property.

21.6 Personal Use

Assets owned or leased by the institution shall not be subject to personal use without proper authorisation.

21.7 Asset Disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by Vice Principal – Finance and Resources and contained in the institution's detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the Regional Board. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

21.8 All Other Assets

Heads of Faculties and Departments are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the institution, whether tangible (such as stock - see above) or intangible (such as intellectual property - see Paragraph 18), including electronic data.

22 Funds Held on Trust

22.1 General

The Vice Principal – Finance and Resources is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

22.2 Gifts, Benefactions and Donations

The Vice Principal – Finance and Resources is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the institution and initiating claims for recovery of tax where appropriate.

22.3 Student Welfare and Access Funds

The Vice Principal – Finance and Resources will prescribe the format for recording the use of student welfare funds.

Records of welfare funds will be maintained according to funding body requirements.

22.4 Trust Funds

The Vice Principal – Finance and Resources is responsible for maintaining a record of the requirements for each trust fund and for advising the Board on the control and investment of fund balances.

Finance and Resources Committee is responsible for ensuring that all the institution's trust funds are operated within any relevant legislation and the specific requirements for each trust, including where disbursements may be delegated to another Committee or individual. They will also be responsible for investment of fund balances.

22.5 Voluntary Funds

The Vice Principal – Finance and Resources shall be informed of any fund, not being an official fund of the College, which is controlled wholly or in part by a member of staff in relation to their function in the institution.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Vice Principal – Finance and Resources shall be entitled to verify that this has been done.

22.6 Student Fundraising

Students are regularly involved in fundraising activities as part of their coursework. Students need the prior approval of their lecturer before embarking on a fundraising event and should use the Event form, available on the College intranet.

If the activity or event is to support a charitable donation, once approved, details of that charity (which would include name and address as a minimum) need to be passed to the Finance Department.

Funds collected by the students need to be collated with a 'Business Office Pay in Request Form', which needs to be fully completed for the amount of cash being banked, as well as information on the benefiting Charity - which includes bank details.

Funds should be paid over to the charity shortly after they have been collected, and by bacs transfer.

23 Other

23.1 Insurance

The Vice Principal – Finance and Resources shall make all appropriate insurance arrangements for all aspects of the College's activities. He/she shall also arrange the negotiation of all insurance claims by the College in consultation with the senior manager concerned.

Notification of Risks

Managers shall notify the Vice Principal – Finance and Resources, promptly, of all new or increased risks, properties or vehicles which should be covered or any deletions

affecting their departments.

Notification of Claims

Managers shall notify the Vice Principal – Finance and Resources immediately in writing of any loss, liability or damage or any event likely to lead to a claim. Thereafter, the Vice Principal – Finance and Resources shall be responsible, where applicable, for advising the insurance company concerned.

Review of Cover

The Vice Principal – Finance and Resources shall review periodically all insurance in consultation with senior managers.

23.2 Companies, Joint Ventures and Consortium Arrangements

In certain circumstances it may be advantageous to the College to establish a company or a joint venture or consortium arrangement to undertake services on behalf of the institution. Any member of staff considering the use of such arrangements should first seek the advice of the Vice Principal – Finance and Resources, who should have due regard to guidance issued by the funding body.

The Regional Board is responsible for ensuring that the required procedures are followed. The process involved in forming a company, joint venture or consortium and arrangements for monitoring and reporting on the activities of these undertakings are documented in the institution's financial procedures.

It is the responsibility of the Regional Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the institution. These and other arrangements will be set out in a memorandum of understanding.

Where the College is the majority shareholder in a company, the funding body requires that the company's financial year must be consistent with that of the institution.

23.3 Security

Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Vice Principal – Finance and Resources immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the institution's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Information relating to individuals held on computer will be subject to the provisions of the General Data Protection Regulation. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Vice Principal – Finance and Resources is responsible for the safekeeping of official and legal documents relating to the institution. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Vice Principal – Finance and Resources. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

23.4 Students' Association

The Students' Association is a separate legal entity from the institution but is recognised to fulfil a valuable role in relation to the institution's students.

Subject to any constraints imposed by the funding body, the Regional Board shall determine the level of grant to be paid annually to the Students' Association. The Regional Board requires the Association to provide details of its proposed budget to assist in determining the appropriate level of grant.

The Students' Association is responsible for maintaining its own bank account and financial records and for preparing its own annual financial statements. This function may be carried out by the College by agreement with the Students' Association.

23.5 Provision of Indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Vice Principal – Finance and Resources before any such indemnity is given.

Status Approved by Finance and Resources Committee

Date of version: January 2019

Responsibility for the policy: Finance and Resources Committee

Responsibility for implementation: Principal

Responsibility for review : Finance and Resources Committee

Date of Equality Impact Assessment: January 2019

Date of Review: September 2021

Procurement Thresholds

Route	Value	Method	Authorisation	Notes
Route 1A	<£4000	Single contracted supplier. Value for money must still be demonstrated.	<£2,000 Requisition authorised by Budget Holder £2,000 - £3,999 Requisition authorised by Budget Holder and countersigned by SMT. Order authorised by Financial Controllers.	If no contracted supplier exists, contact Purchasing Officer before sourcing.
Route 1B	£4,000 - £24,999	Minimum of 3 written quotations from contracted or non-contracted suppliers. Quotes may be supplied by email.	Requisition authorised by Budget Holder and countersigned by SMT. Order authorised by Vice Principal – Finance and Resources.	
Route 2A	£25,000 - £49,999 (all spend)	Tender via PCS Quick Quote. Consult Purchasing Manager	Requisition authorised by Budget Holder and countersigned by SMT. Order authorised by Principal.	
Route 2B	£50,000 - £181,302 (Goods and Services) £50,000 - £4,551,413 (Works)	Open tender process advertised via Public Contracts Scotland website. Consult Purchasing Manager	<£100,000 Principal £100,000 - £249,999 Finance and Resources Committee >£250,000 Regional Board	Above Scottish Government Procurement Threshold but below OJEU threshold. Note that thresholds cover a 4 year period i.e. £12,500 per annum
Route 3	>£181,302 (Goods and Services) >£4,551,413 (Works)	Open tender process advertised via Public Contracts Scotland website and OJEU. Consult Purchasing Manager	£100,000 - £249,999 Finance and Resources Committee >£250,000 Regional Board	Above OJEU Threshold. Additionally, for contracts above £4M, community benefits must be considered. Contact Purchasing Manager

Main Features of the Public Interest Disclosure Act

Summary

The Act came into force on 02 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors and home workers. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as “the most far-reaching whistleblower protection in the world”.

Internal Disclosures

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

Regulatory Disclosures

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Conduct Authority and HM Revenue and Customs, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

Wider Disclosures

Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three pre-conditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed he or she would be victimised if they raised the matter internally or with a designated regulator;
- reasonably believed a cover-up was likely and there was no regulator; or
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide public disclosure is more likely to be protected if there was no internal procedure set up.

Full Protection

Where the whistleblower is victimised in breach of the Act he or she can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, he or she may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that include criminal acts, health and safety violations, breaches of legislation, and miscarriages of justice; however, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive. Where an employee reasonably suspects malpractice (and this includes any crime), he or she will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

Qualifying Areas

The qualifying areas for whistleblowing are information which the employee reasonably believes tend to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence;
- the breach of a legal obligation;
- a miscarriage of justice;
- a danger to the health or safety of any individual;
- damage to the environment; or
- deliberate covering up of information tending to show any of the above five matters.

The Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holder of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Equality Impact Assessment (EIA) Form

Part 1. Background Information. (Please enter relevant information as specified.)

Title of Policy or Procedure. Details of Relevant Practice:	FA 3.2 Financial Regulations
Person(s) Responsible.	Vice Principal Finance and Resources
Date of Assessment:	January 2019
What are the aims of the policy, procedure or practice being considered?	As stated in the Policy.
Who will this policy, procedure or practice impact upon?	College students, their sponsors and other customers. Suppliers of goods and services to the College.

Part 2. Public Sector Equality Duty comparison (Consider the proposed action against each element of the PSED and describe potential impact, which may be positive, neutral or negative. Provide details of evidence.)

Need	Impact	Evidence
<ul style="list-style-type: none"> Eliminating unlawful discrimination, harassment and victimisation. 	No impact	
<ul style="list-style-type: none"> Advancing Equality of Opportunity 	All persons covered by this policy are treated the same way – there is no need for any differentiation	Policy document
<ul style="list-style-type: none"> Promoting Good relations 	All persons covered by this policy are treated similarly with no groups or individuals identified separately	Policy document

Part 3. Action & Outcome (Following initial assessment, describe any action that will be taken to address impact detected)

None required

Sign-off, authorisation and publishing *	
Name:	Pete Smith
Position:	Vice Principal Finance and Resources
Date of original EIA:	17 May 2016
Date EIA last reviewed:	09 January 2019

**Please note that an electronic sign-off is sufficient*

FINANCE & RESOURCES COMMITTEE	
Meeting of 30 January 2019	
Title: Course Fees, Academic Year 2019-20	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): n/a
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to set course fee rates for the forthcoming academic year (the year beginning 01 August 2019 (AY2019-20)).	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: 16. Operate an academic year budget which utilises all available budget resources in line with fiscal year cash allocations.	
Executive Summary: In accordance with the College's Course Fee Policy, the Committee is responsible annually for setting the College's course fees. Full-time fees for students from Scotland and the European Union, other than England, Wales and Northern Ireland), are published by the Scottish Funding Council (SFC) in accordance with rates set by the Scottish Government. The SFC has yet to announce these rates; when it does, the College will be required to adopt them. Colleges are free to set their own fees for part-time programmes of study. In accordance with budgeted increases to fee income, it is proposed that course fee rates are set at a level that represents an increase of 2% on the current year, and rounded to the nearest £5. These rates are set out in Appendix 1. The estimated financial effect of applying the proposed fee rates is to increase income by some £30,000 (all other things remaining equal).	

Current guidance from the SFC is that tuition provided to students from the rest of the UK (RUK) or outwith the European Union is not 'fundable'. Colleges are free to set course fee rates for these groups of students, and it is proposed that the College continues with the practice of setting the fee at a level that is equal to the total income receivable from a Scottish student on the same course i.e. fee income plus SFC grant.

At its meeting in January 2018, the Committee was provided with information relating to International (non-EU) course fees showing that the College charged significantly higher rates than other colleges for these, as shown below: -

College	AY2017-18		AY2018-19	
	Non Advanced Courses £	Advanced Courses £	Non Advanced Courses £	Advanced Courses £
City of Glasgow College	6,350	6,350	6,525	6,525
Dundee & Angus College	6,500	6,500		
Edinburgh College			7,200	7,700
Fife College	5,500	6,000		
Glasgow Clyde College	6,000	6,000		
Glasgow Kelvin College		7,500		
North East Scotland College	6,200	11,033	6,324	11,254
Perth College UHI		6,510		6,720
West College Scotland	4,500	5,500		

The charges at the regional universities are: -

University	AY2017-18		AY2018-19	
	Science £	Business £	Science £	Business £
RGU	12,880	12,000	13,270	12,360
University of Aberdeen	18,000	14,300	18,400	14,600

Further, the Committee was advised that conversion rates from application to enrolment for non-EU students were extremely low (around 5% annually), with numbers being 11, 6 and 6 in years 2016-17, 2017-18 and 2018-19 respectively. The comparatively high fee levels may be a barrier to enrolment, and it is therefore proposed that there is a reduction in fees to the rates shown in Appendix 1.

Recommendation:

It is recommended that the Committee approve the course fees as per Appendix 1.

Previous Committee Recommendation/Approval (if applicable):

None

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

North East Scotland College Proposed Course Fee Rates, AY2019-20

1. Students from Scotland and the European Union, other than England, Wales and Northern Ireland)

Fee rates for full-time programmes

Set by the Scottish Government/Scottish Funding Council

Fee rates for non full-time programmes

Unit of study – Advanced level £120

Unit of study – Non-advanced level £95

2. Students from England, Wales and Northern Ireland (RUK)

These fees for this group of students are set at a rate that is equal to the total income that the College receives from a Scottish student on the same course. In other words, fee income from an RUK student equals the fee received for a 'Scottish' student plus SFC grant-in-aid for that course.

3. Students from outwith the European Union

Advanced courses £7,500

Non-advanced courses £6,000

These are fees charged to this group of students for full-time programmes. Fees for part-time programmes are derived by reference to the 'full-time' fee.

FINANCE & RESOURCES COMMITTEE	
Meeting of 30 January 2019	
Title: Letting Charges, Academic Year 2019-20	
Author: Peter D Smith, Vice Principal – Finance and Resources	Contributor(s): n/a
Type of Agenda Item: For Decision <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To advise the Committee of the review into letting charges and propose that any changes to the charges be deferred until the outcome of that review.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: 16. Operate an academic year budget which utilises all available budget resources in line with fiscal year cash allocations.	
Executive Summary: This Committee sets the scale of charges for ad hoc lets of College premises annually, normally in January for the following academic year. Current hourly rates are set at £34.14 for classrooms and at £45.18 for specialist rooms, with reduced rates agreed with community groups on an individual basis. At this time, a review is underway into the College's policies, procedures and charging levels for external lets and it is therefore proposed that no changes be made until that review is complete, at which time a recommendation will be made to the Committee.	
Recommendation: It is recommended that the Committee agree to defer any changes to external letting rates until completion of the review.	

Previous Committee Recommendation/Approval (if applicable):

None

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:

FINANCE & RESOURCES COMMITTEE	
Meeting of 30 January 2019	
Title: Combined Heat and Power Proposal	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): Ian Davidson, Chief Executive, Aberdeen Heat and Power
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input checked="" type="checkbox"/> For Information <input type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To enable the Committee to discuss the feasibility study to replace the College's current heat and power sources at Aberdeen City Campus.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: 16. Operate an academic year budget which utilises all available budget resources in line with fiscal year cash allocations.	
Executive Summary: Aberdeen Heat and Power (AHP) is a not-for-profit company, created to alleviate fuel poverty and reduce CO ₂ emissions as a result of energy use. For some time, the College has have been in discussions with AHP as to whether a project of mutual benefit could be undertaken at City Campus. AHP have now provided the College with the Feasibility Study, attached as Appendix 1, indicating that the College could indeed benefit from an arrangement to buy heat and power from AHP. The initial proposal covers only heat, with the potential to save 674 tonnes CO ₂ annually, an 84% reduction on current levels. A future Phase 2 would look to site generators within the College's plant rooms to also provide a low carbon power source. At this stage, the proposal is presented for information and discussion; however, it is believed that it could be possible to move ahead quickly, with further detail provided to the Regional Board at its meeting scheduled for March 2019, and developed to the point of contract in June 2019.	

Recommendation:

It is recommended that the Committee discuss the feasibility study and proposal from AHP.

Previous Committee Recommendation/Approval (if applicable):

None.

Equality Impact Assessment:

Positive Impact ☐

Negative Impact ☐

No Impact ☒

Evidence:



NORTH EAST SCOTLAND COLLEGE (NESCoI)
ABERDEEN CITY CAMPUS DISTRICT HEATING CONNECTION PROPOSAL

ABERDEEN HEAT & POWER LTD
63 COTTON STREET
ABERDEEN AB11 5EG



ABERDEEN HEAT & POWER LTD
NESCoI – ABERDEEN CITY CAMPUS
DISTRICT HEATING CONNECTION PROPOSAL
REFERENCE No. 206
OCTOBER 2018

1. ABERDEEN HEAT AND POWER

AHP Objectives:

- **Alleviate Fuel Poverty**
- **Reduction of Carbon Dioxide Emissions**

Aberdeen Heat & Power is a 'not for profit' company limited by guarantee formed by Aberdeen City Council to implement CHP District heating scheme to serve the City Council's fifty nine 10-18 storey blocks of flats [totalling 4,505 dwellings] and other Council properties. AHP currently heat over 3,000 of the dwellings.

The Company has a Board of unpaid Directors, including two City Council representatives, with no shareholders or distribution of surplus income. The Company engages its own independent legal and other professional advice.

The first district heating scheme built by the company at Stockethill was granted Pathfinder status in 2002 during the initial stage of the Community Energy Programme. The scheme serving 288 dwelling in four blocks has now been operational for over 10 years. The scheme has recently been extended to serve a further 381 dwellings.

Nine further schemes have been built since the completion of Stockethill:

- At Hazlehead comprising 180 high rise dwellings a sheltered housing block, a Sports Changing Pavilion and the Hazlehead Academy which includes a swimming pool.
- At Seaton currently comprising 1200 high rise dwellings, Aberdeen Beach Leisure Complex, Aberdeen Sports Village and Aquatics Centre and Aulton Football Changing Pavilion. The Seaton scheme has now been expanded into Aberdeen City Centre delivering heat to Frederick Street Health Centre, Mariscal College, Victoria House Supported Living Accommodation. A further 1MW CHP plant was installed in 2017 within the site of the Beach Leisure Centre
- Gas fired group heating schemes at: Ashgrove Court comprising approximately sheltered 40 dwellings in one multi-storey block; Mastrick Land comprising approximately sheltered 52 dwellings in one multi-storey block; Denburn Court comprising approximately sheltered 120 dwellings in one multi-storey block; Torry to serve three multi-storey blocks comprising 156 dwellings; Fountain Grange three blocks comprising 40 dwellings, and, Smithfield Court comprising 56 dwellings in one multi-storey block. [the ownership of these project was transferred back to Aberdeen City Council



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following construction but they could be integrated into the city- wide CHP scheme in due course].

- At Tillydrone a CHP Scheme serving 470 dwellings with capacity to serve a further 1500 social dwellings.

AHP is now able to provide a district heating service to non-domestic commercial and institutional buildings through its subsidiary District Energy Aberdeen Ltd [DEAL].

2. NESCOL STUDY

This Study has been prepared to examine the financial benefits and carbon emission reduction to NESCol from the connection of the Aberdeen City Campus to the AHP City Centre District Heating network.

AHP propose to supply heat tariff rates which will provide a heating operating cost saving when compared to the most competitive alternative gas heating arrangement and tariff.

AHP also propose to enter into a long term lease arrangement with NESCol to take full responsibility for the operation and maintenance, repair and replacement of the Aberdeen City Campus boiler house to be used in a heating standby/back-up role.

As a follow on to a district heating connection and as part of the plan to meet the growth in Aberdeen City Council's domestic heat load upgrading in the Gallowgate area AHP propose to install in a 1MW[electrical output] CHP generator in the College boiler house to supply electricity to the Aberdeen City Campus at rates that will also guarantee an electricity cost saving. (Provisional)

The reduction in carbon monoxide emission by connection to the district heating system when compared to gas heating is estimated at 84% or approximately 674 tonnes per annum for the supply of heating.

The connection to district heating and boiler house adaptation to CHP operation can be carried out without disruption to normal College activities. The timescale for heating connection implementation is 6 months from an agreement to proceed.



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3. HEAT & ELECTRICITY DEMAND OF ABERDEEN CITY CAMPUS

The average estimated 24 hour heat demand profile in each month for the Aberdeen City Campus heating is shown by **Figure 1**. This indicates a maximum hourly winter heat demand of around 1,600 kW. The boiler house has a present installed capacity of 4 x 1,000 kW gas fired boilers.

Figure 2 shows the average monthly electricity demand showing an average monthly maximum demand of 400kW indicating a peak demand of around 600kW

Figure 3 shows the monthly heat and electricity demand profile indicating an annual demand for heat at 3,039,788kWh [based upon an average annual boiler efficiency of 75%] and annual demand for electricity 2,280,535kWh

4. ABERDEEN CITY CAMPUS BOILERHOUSE CONNECTION AND ADAPTATION TO DISTRICT HEATING.

4.1 The present boiler house arrangement.

The boiler house comprises four 1,000 kW gas fired boilers serving five variable temperature independently pumped heating circuits serving, one constant temperature circuit and two hot water service heating systems.

The variable temperature systems serve:

1. The South Block
2. The North Block
3. The Workshop
4. The Tower Block [which has 18 zone isolation valves]
5. The East Block

Drawing No 2068115 is a site plan showing the planned route of the district heating mains extending from the present termination in West North Street to serve Aberdeen City Campus with planned on route connection provision to Aberdeen City Councils Porthill and Seamount Courts.

Drawing No 2066115 is a schematic diagram showing how the district heating system would be connected to the existing heat distribution system and existing boilers from within the boiler house and how in future the CHP generator would be connected.

Drawing No 2064115 shows the general arrangement of the existing Aberdeen City Campus Boilerhouse and the position proposed for a future 1060Kw[e] 1280 kW[th]



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 DISTRICT HEATING CONNECTION PROPOSAL
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Gas Fired CHP Generator. The four 1.000 kW gas fired boilers will be retained for system standby and peak load operation

Some adaptation will be required to the present heat distribution pumping; heating system control, gas connection and electrical switchgear. The system will be fully automatically controlled and remotely monitored.

5. ESTIMATED COST BENEFIT TO NESCol FROM THE PROPOSED CHP SCHEME

The estimated annual energy cost saving by NESCol is estimated as follows gas consumption of 4,053,051 and 2017/18 prices. This excludes the added saving from European Emissions Carbon Trading payment covered in Section 6

Cost Breakdown as per Attached Table 1

6. CALCULATED REDUCTION IN CARBON DIOXIDE EMISSION

The calculated reduction in carbon emission for Heating to Aberdeen City Campus is as follows:

CO2 EMISSION REDUCTION FOR HEATING TO ABERDEEN COLLEGE CAMPUS			
	MWh/ annum	CO2 Emission Kg/MWh	Total CO2 Tonnes/annum
Annual CO2 displaced from Aberdeen City Campus Boiler Operation	4053	198	802
Net CO2 emission in the supply of heating to Aberdeen City Campus from AHP			128
Total CO2 displaced by district heating supply			674 tonnes/annum



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7. AHP CITY DH NETWORK CAPACITY

	Generators [kW] heat	Boilers [kW]	Total [kW]
Seaton	2 x 1,060kW	2 X 2,000kW	6,120kW
Linx	1 X 1,300kW		1,300kW
Beach Leisure		4 x 1000kW	4,000kW
Town House		3 x 340kW	1,020kW
Aberdeen City Campus		4 x 1000kW	4,000Kw
Total			16,340kW

8. NESCoI CHP IMPLEMENTATION TIMESCALE

Figure 4 shows an indicative works programme, from project approvals, design, procurement and Aberdeen City Campus installation works leading to district heating heat supply.

End.

Figure 1 Aberdeen College Average Daily Heat Demand in each Month

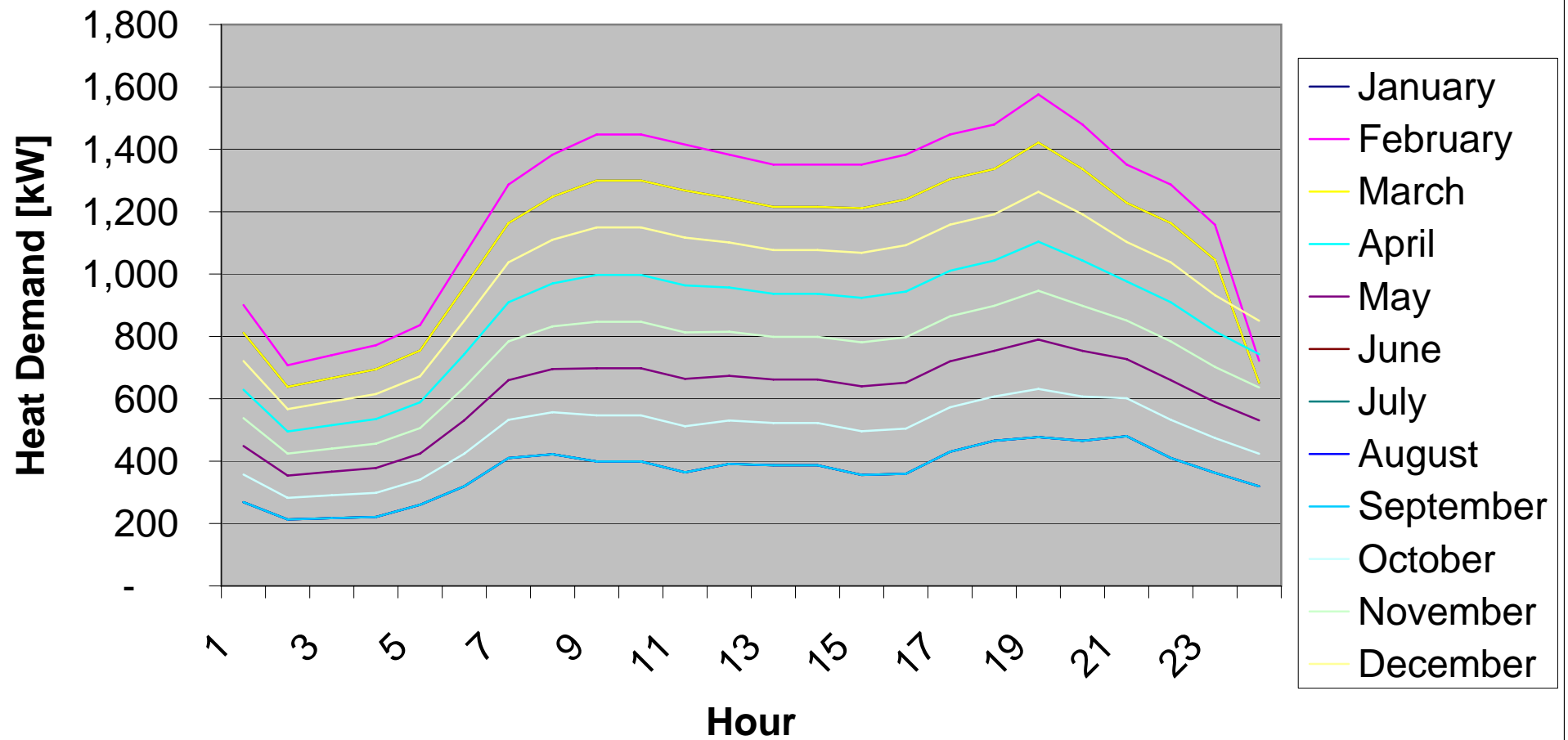


Figure 2 Aberdeen College Campus average hourly electricity demand in each month

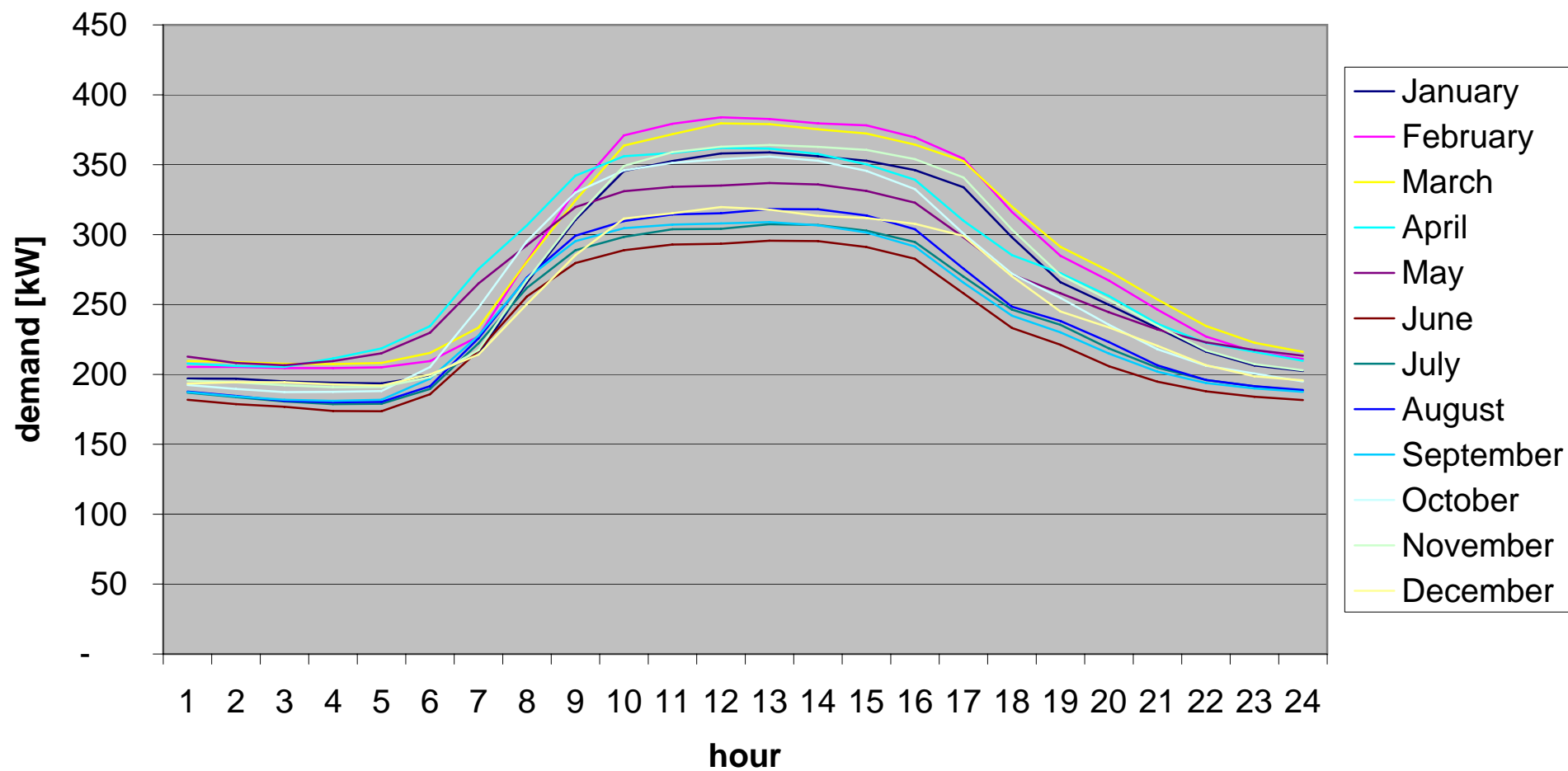


Figure 3 Aberdeen College Campus Monthly Heat and Electricity Demand

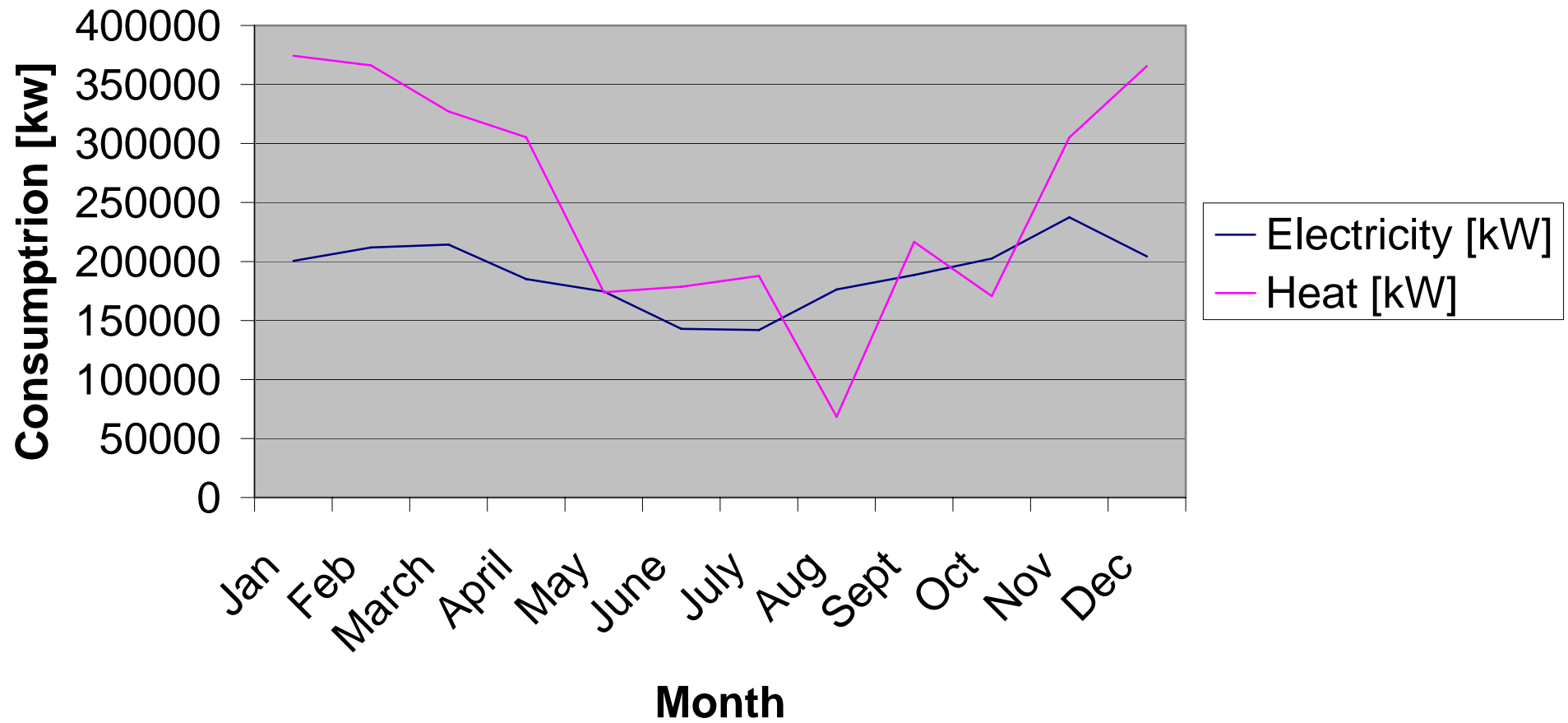
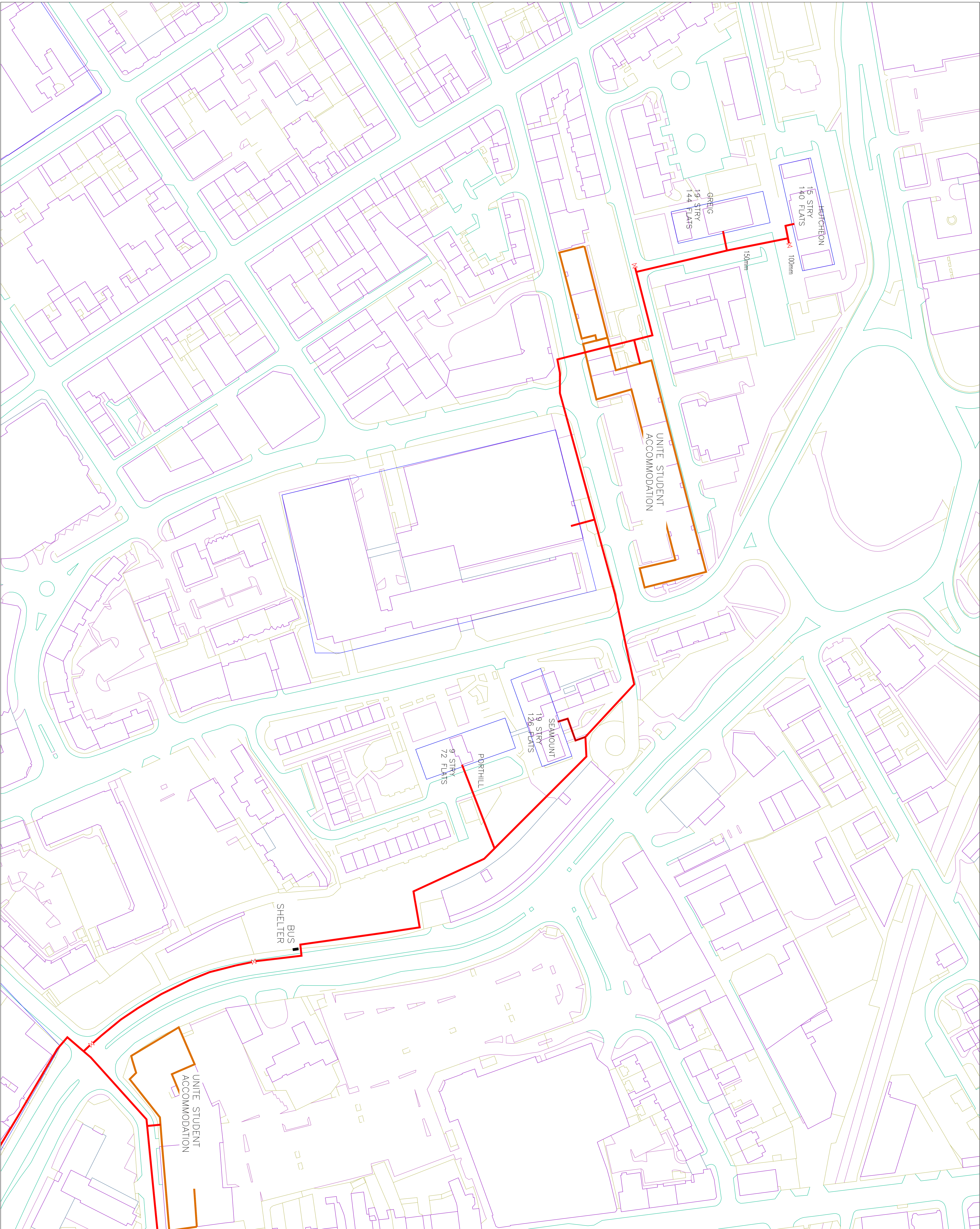


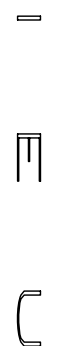
FIGURE 4 - DISTRICT HEATING CONNECTION TO ABERDEEN COLLEGE CAMPUS

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A	ISSUED FOR INFORMATION	D.P.	WR	22.12.14	
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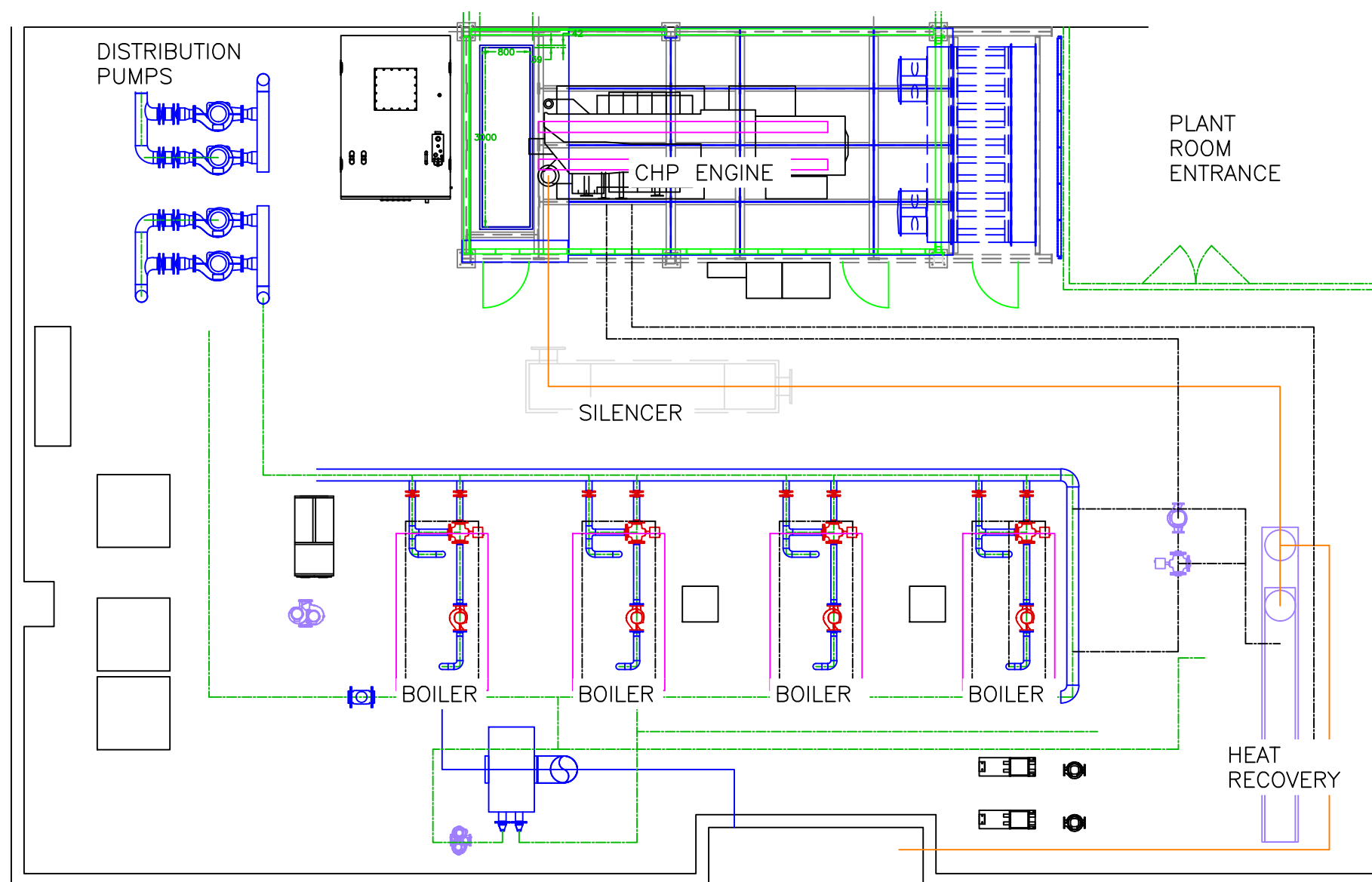
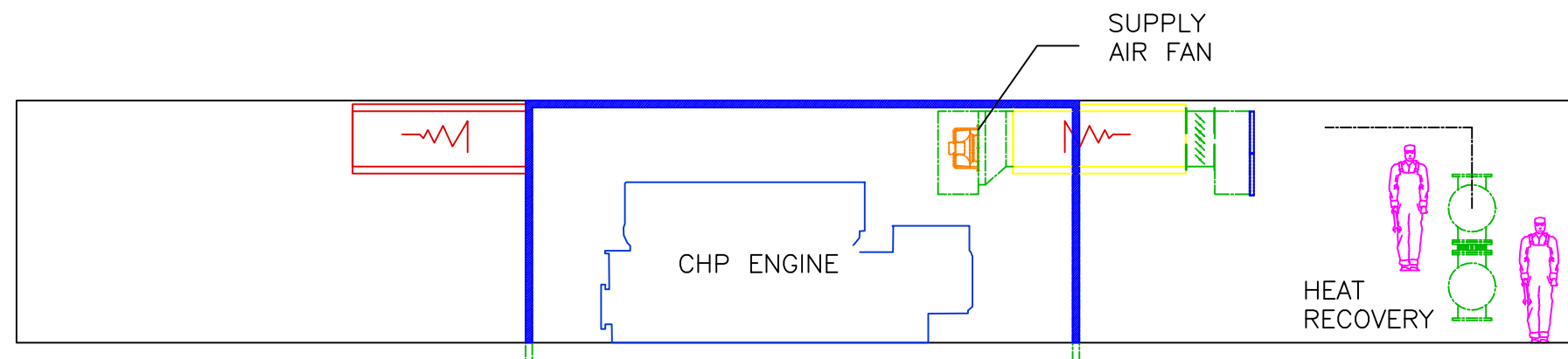
Project
CITY CENTRE DISTRICT HEATING TO
GALLOWGATE

Subject

SITE PLAN SHOWING THE PROPOSED
DH NETWORK ROUTE

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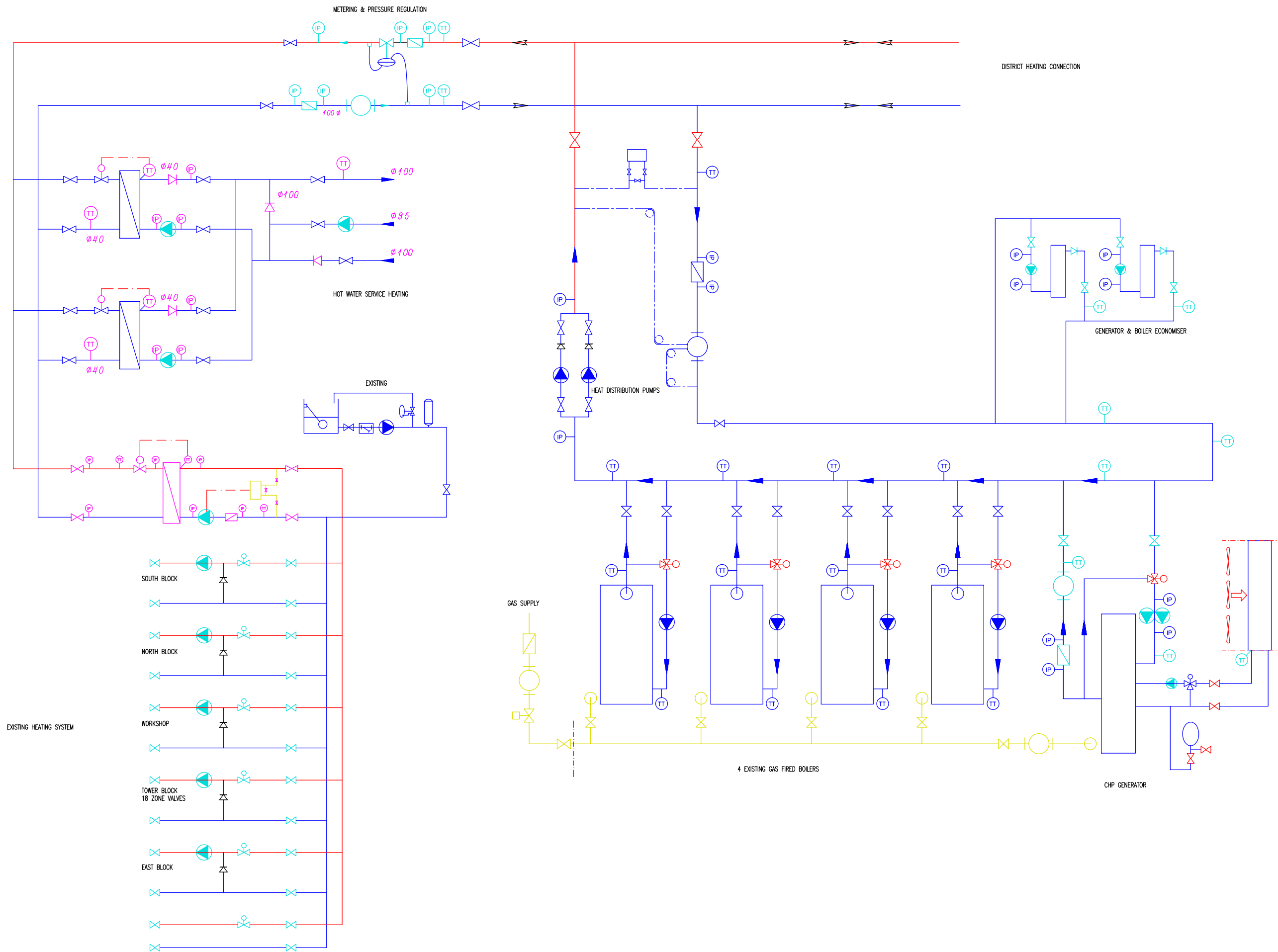
Project
CITY CENTRE DISTRICT HEATING
TO GALLOWGATE

Subject
GA OF ABERDEEN COLLEGE
CHP STATION

Scale	Drawn D.P. Date	Checked D.P. Date	Authorised Date	A3
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Project					
CITY CENTRE DISTRICT HEATING PHASE 2					
Subject					
P&I LINE DIAGRAM CONNECTION & ADAPTATION OF ABERDEEN COLLEGE BOILERHOUSE TO DISTRICT HEATING					
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North East Scotland College
Energy usage and cost assessment

Gas for heating
Period Assessed
Feb 16 to Jul 18

Gas usage estimate per annum - 4,053,051kWh
Current variable rate - 1.7231p/kWh
Standing Charge - £44.79 per day

Total variable charge - £69,838
Total standing charge - £16,348
Estimated maintenance cost £10,000 pa
Total cost - £96,186

Boiler efficiency assumed at 75%.

Heat used = $4,053,051 \times 75\% = 3,039,788\text{kWh}$

Normal AHP heat cost = 4.879p/kWh

Total heat charge per annum = £148,311

Discounted AHP heat rate = 3.1p/kWh

Total heat charge per annum = £94,233

Annual saving = £1,953

Based on current rates
Doesn't include added cost of boiler replacement
Heat rate to increase in line with
Procurement Scotland gas rates

Electricity private wire - future connection
Period Assessed
Mar 16 to Jul 18

Electricity usage estimate per annum
Day - 1,876,910 kWh
Night - 403,625 kWh
Current day variable rate - 8.1708p/kWh
Current night variable rate - 7.3027p/kWh
Standing Charge - £234.07 per day

Total variable charge - day - £153,359
Total variable charge - night - £29,476
Total standing charge - £85,436
Total cost - £268,271

AHP day rate - 8.57p/kWh
AHP night rate - 6.93p/kWh
AHP standing charge - £2.3281 per day

Total variable charge - day - £160,851
Total variable charge - night - £27,971
Total standing charge - £850
Total cost - £189,672

Saving per annum = £78,599

Based on current rates
Current availability is 318kVa at zero cost



FINANCE & RESOURCES COMMITTEE	
Meeting of 30 January 2019	
Title: Annual Procurement Report	
Author: Peter D Smith, Vice Principal – Finance & Resources	Contributor(s): Colin Brodie, Purchasing Manager
Type of Agenda Item: For Decision <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> Reserved Item of Business <input type="checkbox"/>	
Purpose: To advise the Committee of the publication of the College's Annual Procurement Report, covering the period 01 January 2017 to 31 July 2019.	
Linked to Strategic Goal: 5. Optimise the use of our available resources to deliver financial and environmental sustainability.	
Linked to Annual Priority: 16. Operate an academic year budget which utilises all available budget resources in line with fiscal year cash allocations.	
Executive Summary: The Procurement Reform (Scotland) Act 2014 requires any public organisation with an estimated annual regulated spend of £5 million or more to develop a procurement strategy and then review it annually. This requirement took effect from 31 December 2016. Organisations (including HE and FE institutions) required to develop and publish a procurement strategy are also required publish an annual procurement report, reflecting on the relevant reporting period of the procurement strategy. The report, attached as Appendix 1, was considered by the Senior Management Team and published by the reporting deadline of 30 November 2018.	
Recommendation: It is recommended that the Committee note the information provided.	
Previous Committee Recommendation/Approval (if applicable): None	

Equality Impact Assessment:

Positive Impact ☒

Negative Impact ☐

No Impact ☐

Evidence:

The College's Procurement Strategy includes the use of national framework agreements wherever possible, and also competitive tendering for all significant contracts. Both these routes to market ensure suppliers have in place their own equalities policies.



ANNUAL PROCUREMENT REPORT

01 January 2017 – 31 July 2018

Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated spend of £5 million or more to develop a procurement strategy and then review it annually. This requirement took effect from 31 December 2016.

Organisations (including HE and FE institutions) required to develop and publish a procurement strategy were also required publish an Annual Procurement Report (APR), reflecting on the relevant reporting period of the procurement strategy.

This report covers the period of 01 January 2017 to 31 July 2018 and addresses performance and achievements in delivering the North East Scotland College's organisational procurement strategy.

The development of the procurement strategy was the outcome of consultation and discussion with internal and external stakeholders who have an interest in the Colleges approach to procurement and its impact. Stakeholder engagement will also feature in the annual assessments of the achievement of regulatory compliance, strategic objectives of the College, value for money [defined as the best balance of cost, quality and sustainability] and delivery against the organisation's broader aims and objectives, in line with Scotland's National Outcomes. 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 the economic, political and financial influences to which the College may need to adjust.

North East Scotland College has analysed third party expenditure and has identified that over the period(s) covered by this report the following expenditure has occurred:

- EU regulated procurements [goods and services worth more than £164,176; works worth more than £4,104,394¹] amounted to £1,753,750. There were 5 such procurements completed².
- Lower value regulated procurements' [goods and services worth more than £50,000, works worth more than £2 million] amounted to £1,043,217. There were 10 such procurements completed.

More detailed information on the regulated procurements, sorted into procurement categories, is provided in Sections 1 and 2 and in Annex A of this report.

North East Scotland College has over 1800 active suppliers, of which 583 were used by the College during the reporting period. The total procurement expenditure was £22,149,603 comprised of £18,024,900 of regulated expenditure (recorded on the Contracts Register) and £4,140,522 on non-regulated spend, of which £1,719,756 is non-influenceable spend.

¹ Public contracts (EU) thresholds are revised every 2 years – next due on 01 /01/2020

² Completed when the award notice is published or where the procurement process otherwise comes to an end - covers contracts and framework agreements

Despite achieving an overall regulated spend total of 80.5% the College continues to strive to optimise its expenditure and utilises the use of national, sectoral, local or regional C1 collaborative contracts and frameworks where these will bring a benefit to the College. As well as bringing leverage-based savings, the burdens of risk, contract and supplier management are shared and the number of resource-intensive formal local tenders that need to take place is reduced significantly. 21% of the College's influenceable spend went through collaborative agreements.

This report comprises five sections:

- Section 1: Summary of Regulated Procurements Completed
- Section 2: Review of Regulated Procurement Compliance
- Section 3: Community Benefit Summary
- Section 4: Supported Businesses Summary
- Section 5: Future Regulated Procurements Summary

Report Approved: 27 November 2018

By: North East Scotland's Senior Management Team

Signed: Liz McIntyre

Position: Principal and Chief Executive

Section 1: Summary of Regulated Procurements Completed

North East Scotland College strongly believes in conducting its procurements in an open and inclusive manner with procurement objectives aligned to the College's Strategic Plan.

The detailed summary of regulated procurements completed is set out in Annex A. That information, coupled with the publication of the institutional Contracts Register <http://www.apuc-scot.ac.uk/#!/institution?inst=32> and the systematic use of Public Contracts Scotland and Quick Quotes, provides complete visibility of the Colleges procurement activity over the reporting period.

In Annex A, information is set out to show lower value regulated procurements completed and EU regulated procurements completed [if there have been any]. These are separated into contract categories and distinguish collaborative contracts from institutional ones. For each completed regulated procurement the information provided shows:

- the date of award
- the start dates
- the category subject matter
- the name of the supplier
- estimated value of the contract – total over contract period
- collaborative or institution owned
- the end date provided for in the contract or a description of the circumstances in which the contract will end.
- SME / supported business use

Section 2: Review of Regulated Procurement Compliance

Where appropriate, North East Scotland College has made use of collaborative contracts to deliver improved contract terms, supported contract and supplier management, sustainable procurement outcomes and value for money (the best balance of cost, quality and sustainability).

In making its regulated procurements every care has been taken to ensure that the College awards the business to suppliers who are capable, reliable and who can demonstrate that they meet high ethical standards and values in the conduct of their business.

In the period covered by this report, the College has conducted all its regulated procurements in compliance with EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition.

Successful delivery against the procurement strategy objectives is part of a customer valued, continual improvement process (CIP) that seeks incremental improvements to process and outcomes over time.

Procurement Strategy Statement	Annual Report Commentary on strategy delivery/compliance
To sustain and further develop partnerships within the sector, with other publicly-funded bodies, with professional bodies and appropriately with supply markets that will yield intelligence, innovation and deliver value to users of procurement services.	<p>The College Procurement Team engages with internal and external stakeholders and suppliers to gain valuable feedback which informs the Procurement team of possible necessary adjustments and improvements to the procurement strategy and processes.</p> <p>For each procurement, the College considers the community affected by the resultant contract and ensures that any affected internal or external stakeholders are consulted (such as students or other local procurement bodies). Such consultation will always be on a scale and approach relevant to the procurement in question.</p> <p>The College contributes to sector contracting plans and has coordinated procurement efforts on a regional basis with both the University of Aberdeen and Robert Gordon University to deliver local collaborative contracts.</p> <p>The College Procurement Manager attends and contributes to APUC-led Procurement Strategy Groups and actively engages with other bodies through HE and FE specific events and other Scottish public-sector events.</p>
To work with internal academic budget holders, professional support service colleagues and suppliers to deliver	<p>Each regulated procurement is assessed and a strategy is developed and agreed with the key stakeholders, end users and suppliers.</p> <p>This assessment is also used to deliver the most appropriate procurement route to market that yield best value outcomes The The</p>

<p>innovation and best value to the learning, research and service support communities through the development of an effective and co-ordinated purchasing effort within the Institution.</p>	<p>College follows the guidelines set out in the Scottish Procurement Journey.</p> <p>Procurement activities follow the guidelines set out in the Procurement Journey. This helps to manage the expectations of stakeholders, customers and suppliers alike and facilitates best practice and consistency with what other organisations do across the Scottish public sector.</p> <p>Following the Scottish Procurement Journey ensures that procurement operations align and support the College's strategic objectives.</p>
<p>To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.</p>	<p>The best balance of cost, quality and sustainability is consistently used to assess value for money delivered and to identify sensible aggregation opportunities through collaborative contracting.</p> <p>The College sorts regulated procurements into procurement categories. How these goods, services and works are bought - joint purchasing, use of local, regional and national framework agreements, consolidated contracting – is subject to annual review with Advanced Procurement for Universities and Colleges (APUC) and, through user consultation, optimal category strategies are agreed, sensible aggregation opportunities are exploited, category and commodity strategies are developed, recorded, signed off and processed.</p>
<p>To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners and to work with the supply chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students.</p>	<p>The defined procurement process is managed through an experienced and dedicated procurement team with access to competency based training, skills development programmes and career development opportunities. Devolved procurement competencies are assessed across the institution to secure optimum value delivery while managing supply side risks and opportunities.</p> <p>Post procurement reviews are carried out to check that tendering outcomes are delivering against category strategies/business case objectives, A “lessons learned” approach with stakeholders has seen a marked improvement in stakeholders approaching procurement well before their requirements are due.</p>

<p>To develop sound and useful procurement management information to measure and improve procurement and supplier performance in support of corporate planning conducted through fair and transparent process.</p>	<p>Internal governance procedures, policies and tools such as e-enabled workflow enhancements are introduced to effect improvements to procurement process and efficiency.</p> <p>Expenditure segmentation analysis and data located on the Hub, Hunter (including Contracts Registers).</p> <p>Where relevant, use is made of appropriate standards and labels in procurements to take account of fair and ethical trading considerations with due consideration given to equivalent tender offerings from suppliers, Use is made of PCS to publish procurement opportunities. Appropriate use is made of lotting, output based specifications and clear evaluation criteria to ensure that procurements are accessible to as many bidders (including SMEs) as possible.</p>
<p>To embed sound ethical, social and environmental policies within the Institution's procurement function and to comply with relevant Scottish, UK and EC legislation in performance of the sustainable procurement duty.</p>	<p>The College's procurement procedures clearly map out the routes to procurement in line with the Scottish Government's Procurement Journey. The College's procedures ensure that regulated procurements are only awarded to businesses that are capable, reliable and, where relevant, meet high ethical standards and values in the conduct of their business. The College is committed to contracting only with suppliers that comply with all appropriate and relevant legislation.</p> <p>Where appropriate and, on a contract by contract basis, the institution will assess the legislation applicable to a procurement and take steps to ensure bidders comply with it e.g. Health and Safety, Late Payment legislation. Where relevant and proportionate the Living Wage and fair work practices of suppliers are promoted in tender documentation. The College is a living wage employer.</p>

North East Scotland College has a procurement process and sign off arrangements that are consistent with the guidelines set out in the Procurement Journey and that have met the objectives and obligations set out immediately above.

Section 3: Community Benefit Summary

For every procurement over £4m, North East Scotland College will consider how it can improve the economic social or environmental wellbeing of its area through inclusion of community benefit clauses, to assist with achieving sustainability in contracts activity, including targeted recruitment and training, small business and social enterprise development and community engagement. Where possible, relevant and proportionate, and where they are considered not to have a negative impact on the delivery of value for money, such clauses may be included in regulated procurements valued at below £4m.

The general College policy on identifying community benefit requirements would be to conduct risk and opportunities assessments through stakeholder consultation and engagement. Where relevant and proportionate to the subject matter of the procurement, the requirement is then built into the procurement specification and into the eventual conditions of contract performance.

Where applicable, as part of the tendering process, suppliers are invited to describe their approach to delivering community benefits or achieving social value through a contract. Relevant community benefits are cited such as:

- providing 'upskilling' opportunities (e.g. Toolbox talks) with students and staff,
- offering advice and assistance on the best practice methodology,
- employment, student work experience and vocational training opportunities,
- apprenticeships,
- local subcontractor opportunities available to SMEs, 3rd sector and supported businesses,
- direct involvement in community based schemes or programmes,
- equality and diversity initiatives,
- supply-chain development activity,
- educational support initiatives,
- to minimise negative environmental impacts, for example impacts associated with vehicle movements

Tenderers are invited to describe how such benefits will be successfully delivered through the contract and promoted to contract users. Where community benefits are included in a procurement (at or above the £4 million threshold), the award notice would include a statement of the benefits that are expected to be derived from the contract.

North East Scotland College has awarded 15 regulated procurement contracts over the reporting period. None of these were over £4 million in value.

Section 4: Supported Business

Higher value procurements, regulated procurements (between £50k and OJEU threshold and those equal to and above the OJEU thresholds) are conducted in line with Routes 2 and 3 respectively of the Procurement Journey. Both Routes 2 and 3 mandate the use of the European Single Procurement Document (ESPD (Scotland)). The ESPD covers exclusion, selection and award criteria and includes questions relating to companies self-certifying themselves in terms of size (micro, small or medium), or whether they are supported businesses.

The College reviews each procurement to determine whether it could be fulfilled by a Supported Business, whilst remaining compliant with EU and Scottish Procurement Legislation and ensuring value for money for the institution (using the Supported Business [register](#) currently available and published by Ready for Business).

The College did not reserve any contracts for supported businesses in this period nor has it had any supported businesses bid through the standard open tendering route.

Section 5 – Future Regulated Procurements

North East Scotland College is keen to encourage competition by promoting optimal participation in its procurement process and achieve better value for money in its procurements. One method of achieving this is to give notice to suppliers of tendering opportunities that are expected to commence over the next two financial years after the period covered by this report.

In preparing this forward projection of anticipated regulated procurements, it is difficult to be precise about providing details of actual requirements. Over a forecast period of two years it is very probable that circumstances and priorities will change so the list of projected individual regulated procurement exercises outlined in Annex D should be viewed with this caveat in mind.

The information provided in Annex D covers:

- the subject matter of the anticipated regulated procurement
- whether it is a new, extended or re-let procurement
- the expected contract notice publication date
- expected award date
- expected start and end date
- the estimated value of the contract.
- contract category A, B, C or C1

Annex A List of Regulated Procurements Completed in the Reporting Period 1/17 – 7/18

Compliant Procurement

Category Subject	Supplier name	Date of Award	Cat A/B or C?	Start Date	End Date	Value over contract period	SME status	Supported Business
Desktop & Notebook Devices	Dell Corporation Ltd	22/08/2017	B	01/09/2017	31/08/2020	750,000.00	L	N
IT Managed Infrastructure Service	Esteem Systems Ltd	31/05/2018	A	31/08/2018	30/08/2021	368,000.00	M	N
Marine Motion Simulator Cabin	Pisys Ltd	25/04/2017	C	08/06/2017	07/12/2017	270,000.00	S	N
Waste Collection & Disposal Services	EIS Waste Services	30/03/2018	B	09/04/2018	08/04/2021	185,750.00	M	N
Virtual Learning Environment Systems	Blackboard	07/03/2017	B	07/03/2017	06/03/2019	180,000.00	M	N
Industrial Gasses	BOC	01/09/2017	B	05/09/2017	04/01/2020	160,000.00	L	N
HR & Payroll System Installation and Support	Northgate Arinso UK	14/09/2017	C	01/10/2017	30/09/2020	157,817.00	L	N
Nursery Services	Link-Up(Fraserburgh)Ltd	30/06/2017	C	14/08/2017	13/08/2019	145,900.00	S	N
Travel and Student Travel Services	Diversity Travel	01/11/2017	A	01/02/2018	31/01/2021	135,000.00	M	N
Trade Materials	Cromwell Group Ltd	17/02/2018	B	17/02/2018	16/02/2021	105,000.00	L	N
Marine Simulator Equipment and Support	Transas Marine (UK) Ltd	28/08/2017	C	28/08/2017	27/08/2022	90,000.00	S	N
Hospitality Uniforms	E. Russum & Sons Ltd	16/06/2017	C	01/08/2017	31/07/2020	77,500.00	S	N
Student Information Management System	Capita Business Services Ltd	28/07/2017	B	28/07/2017	27/07/2019	70,000.00	L	N
Vehicle Hire & Leasing	Arnold Clark Finance Ltd.	01/04/2017	B	01/04/2017	31/03/2021	52,000.00	L	N
Library Books - Printed	ProQuest LLC	31/10/2017	B	03/11/2017	02/11/2019	50,000.00	M	N

Annex B List of Regulated Procurements with Community Benefit Requirements Fulfilled

There were no regulated procurements with community benefits requirements during the reporting period.

Annex C List of Regulated Procurements placed with Supported Businesses

There were no regulated procurements placed with Supported Businesses during the reporting period.

Annex D List of Regulated Procurements planned to commence in next two F/Ys 18/19 & 19/20

Category Subject	Owner: Cat A/B/C or C1?	New, extended or re-let procurement	Expected contract notice publication date	Expected Date of Award	Expected Start Date	Expected End Date	Estimated Value over contract period
Furniture (Supply, Delivery & Installation)	B	Re-let	N/A - Framework Award	07/01/2019	01/02/2019	31/01/2024	50,000.00
Desktop Client Devices	A	Re-let	N/A - Framework Award	08/01/2019	01/02/2019	31/01/2022	250,000.00
TV Advertising	C	Re-let	N/A - Direct Award	08/01/2019	01/02/2019	31/01/2023	60,000.00
Radio Advertising	C	Re-let	N/A – Direct Award	08/01/2019	01/01/2019	31/12/2022	60,000.00
Fresh Butcher Meat	B	Re-let	N/A - Framework Award	01/03/2019	01/04/2019	31/03/2022	50,000.00
Fresh Fruit & Veg	B	Re-let	N/A - Framework Award	01/03/2019	01/04/2019	31/03/2022	45,000.00
Agency Staffing - Support Staff	A	New	N/A - Framework Award	25/01/2019	01/02/2019	31/01/2022	240,000.00
Lift Installation	C	New	15/11/2018	25/01/2019	01/06/2019	31/10/2019	750,000.00
Learning Opportunities Services	C	Re-let	Published	21/12/2018	01/02/2019	31/01/2024	1,250,000.00

Advertising Services	B	Re-let	N/A - Framework Award	11/02/2019	01/03/2019	28/02/2024	160,000.00
Digital Media Services	B	New	N/A - Framework Award	11/02/2019	01/03/2019	28/02/2023	120,000.00
Signage and Publicity/Marketing Materials	C	New	06/12/2018	01/02/2019	01/03/2019	28/02/2023	150,000.00
Building Maintenance Service	B	Re-let	N/A - Framework Award	01/02/2019	01/03/2019	28/02/2022	46,000.00
VLE Hosting/Delivery	B	Re-let	N/A - Framework Award	15/02/2019	07/03/2019	06/03/2022	45,000.00
Legal Services	A	New	N/A - Framework Award	01/03/2019	01/04/2019	31/03/2024	105,000.00
Audio Visual Equipment	B	Re-let	N/A - Framework Award	01/03/2019	01/04/2019	31/03/2022	225,000.00
Electricity Supply	A	Re-let	N/A - Framework Award	01/03/2019	01/04/2019	31/03/2023	2,200,000.00
Occupational Health Services	C	Re-let	21/11/2018	15/01/2019	01/04/2019	31/03/2024	273,000.00
Workshop Equipment Maintenance	C	Re-let	01/03/2019	04/06/2019	01/07/2019	30/06/2022	60,600.00
Student Records System Maintenance	B	Re-let	N/A - Framework Award	06/06/2019	01/07/2019	30/06/2022	150,000.00
Vehicle Lease	A	Re-let	N/A - Framework Award	14/06/2019	16/07/2019	15/07/2022	72,000.00
College Catering Service	C	Re-let	01/04/2019	02/07/2019	01/08/2019	31/07/2024	5,250,000.00
Distance Learning Materials	C	Re-let	15/04/2019	02/07/2019	01/08/2019	31/07/2024	550,000.00
Security & Janitorial Services	C	Re-let	04/04/2019	04/06/2019	01/08/2019	31/07/2025	2,275,000.00
Sports Facilities Hire	C	Re-let	15/05/2019	02/07/2019	01/08/2019	31/07/2022	72,000.00
Office, Computer and Library Supplies	B	Re-let	N/A - Framework Award	02/07/2019	01/08/2019	31/07/2021	58,500.00
Nursery Service - Fraserburgh	C	Re-let	22/04/2019	02/07/2019	01/08/2019	31/07/2023	215,000.00
Telecommunications Network Services	B	Re-let	N/A - Framework Award	05/07/2019	03/08/2019	02/08/2023	40,000.00

Student Accommodation Services	C	Re-let	N/A – Direct Award	22/07/2019	27/08/2019	26/08/2023	460,000.00
Routing & Switching Equipment	B	Re-let	N/A - Framework Award	22/08/2019	01/10/2019	30/09/2022	300,000.00
Liquid Fuels	A	Re-let	N/A - Framework Award	25/09/2019	14/10/2019	13/10/2023	100,000.00
Fresh Dairy Products	B	Re-let	N/A - Framework Award	01/10/2019	26/10/2019	25/10/2023	16,000.00
Servers & Storage	A	Re-let	N/A - Framework Award	01/10/2019	01/11/2019	31/10/2023	600,000.00
Internal Audit Services	B	Re-let	N/A - Framework Award	01/11/2019	15/12/2019	14/12/2024	90,000.00
Industrial Gasses	A	Re-let	N/A - Framework Award	20/11/2019	05/01/2020	04/01/2023	200,000.00
Hair & Beauty Supplies Lots 1-5	B	Re-let	N/A - Framework Award	17/12/2019	15/02/2020	14/02/2024	140,000.00
Water & Waste Water Services	A	Re-let	N/A - Framework Award	02/02/2020	01/03/2020	28/02/2024	825,000.00
Mobile Telephony	B	Re-let	N/A - Framework Award	02/02/2020	25/03/2020	24/03/2025	36,000.00
Natural Gas	A	Re-let	N/A - Framework Award	04/03/2020	01/04/2020	31/03/2026	525,000.00
Provision of Temporary Lecturing Services	B	Re-let	N/A - Framework Award	11/02/2020	04/05/2020	03/05/2025	7,800,000.00

Annex E - Glossary of Terms

A, B, C and C1 Contracts (*Who buys what?*)

Category A	Collaborative Contracts available to all public bodies <ul style="list-style-type: none">• Scottish Procurement
Category B	Collaborative Contracts available to public bodies within a specific sector <ul style="list-style-type: none">• Scottish Procurement• APUC• Scotland Excel• NHS National Procurement
Category C	Local Contracts for use by individual public bodies
Category C1	Local or regional collaborations between public bodies

APUC's Code of Conduct - APUC and its client community of colleges and universities is committed to carrying out procurement activities in an environmentally, socially, ethically and economically responsible manner and to entering into agreements and contracts with suppliers that share and adhere to its vision. To demonstrate this commitment, current and potential suppliers are asked to acknowledge their compliance with the principles of the APUC Supply Chain Code of Conduct with respect to their organisation and their supply chain.

BT14 – Sustainability Based Benefits - sustainability benefits where costs are not normally relevant can be reported but will normally be described in narrative including but not limited to the following areas:

- Reduction in waste – packaging and / or further use of residue from processes etc.
- Reduction in consumption - use of raw materials (consumables, utilities etc.)
- Recycling and/or reuse of products
- Enhanced Reputation and/or marketing opportunities
- Community Benefits delivery
- Carbon Reduction

Social, equality and / or environmental improvements

Category Subject is a collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.

Community Benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social- economic and or environmental. Benefits. Community Benefits clauses are requirements which deliver wider benefits in addition to the

core purpose of a contract. These clauses can be used to build a range of economic, social or environmental conditions into the delivery of institutional contracts.

Contracts Registers these typically provide details of the procurement exercise to capture key information about the **contract** (the goods and services, values, date started, expiry date, procurement category etc.).

Cost Avoidance The act of eliminating costs or preventing their occurrence in the first place. It tends not to show up on, but materially impacts, the bottom-line cost and is normally referred to as a “soft” cost saving i.e. negating supplier requests to increase costs, procuring services/goods/ works under budget, obtaining prices lower than the market average/median.

Contract management or contract administration is the management of contracts made with customers, suppliers, partners, or employees. Contract management activities can be divided into three areas: service delivery management; relationship management; and contract administration.

EU regulated procurements are those whose values require that they are conducted in compliance with the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014.

Flexible Framework Self-Assessment Tool (FFSAT) enables measurement against various aspects of sustainable procurement.

Hub (Spikes Cavell) - The Scottish Procurement Information Hub is provided by Spikes Cavell as a spend analysis tool allowing organisations to: -

- Identify non-pay spend on external goods and services
- Identify key suppliers and how many transactions are made with each
- Highlight common spend across suppliers and categories
- Identify spend with SMEs and/or local suppliers

This information means that individual organisations and Centres of Expertise can identify where collaborative opportunities might exist and where transactional efficiencies could be made.

For more information, visit the Scottish Government's [Hub](#) page.

Hunter - Hunter has been developed by the eSolutions team. It is a database solution which uses standard Microsoft packages (Access and SQL Server) enabling organisations to effectively monitor and report on collaborative contracting activities.

As a solution, it is operational within the HE/FE sector in Scotland and is also being utilised by the HE consortia in England and Wales that also provide collaborative contracting services to the

sector. Hunter has a multi-level structure which allows consortia to share collaborative agreements, make them visible to their member organisations, and in turn enabling them to record their own contracts.

Institutional Dashboard - is the area within the APUC Buyers Portal being developed by the APUC eSolutions team providing easy access to institutions' key management reporting data being recorded centrally through **Hunter**. The dashboard currently hosts key regulatory procurement information on Contracts Registers, forward contracting plans, expenditure reporting and APR Data. The list of reports is planned to expand to cover savings and PCIP dashboard data.

Lotting - the Public Contracts (Scotland) Regulations 2015 encourage the use of lots (regulation 47), to promote competitiveness and to facilitate the involvement of SMEs in the public procurement market, by considering the appropriateness of dividing contracts into lots to smaller contracts

OJEU thresholds OJEU is the Official Journal of the European Union, the gazette of record for the European Union. Around 2500 new notices are advertised every week - these include invitations to tender, prior information notices, qualification systems and contract award notices. The European public contracts directive (2014/24/EU) applies to public authorities and the following thresholds will apply to procurement carried out whose value equals or exceeds specific thresholds. The present thresholds are (net of VAT): - for Supply, Services and Design Contracts, £164,176, for Works Contracts £4,104,394. Public contracts (EU) thresholds are revised every 2 years – this is next due on 01/01/2018.

Output Specification requirements are set out in terms of what you want to achieve, leaving the tenderers to decide on how they will deliver those requirements. This can lead to innovation by the tenderers. The services detailed in the output specification should be capable of objective assessment so that the performance of the supplier can be accurately monitored.

Prioritisation - the Sustainable Public Procurement Prioritisation Tool which is a tool to aid all procuring organisations across the Scottish Public Sector designed to bring a standard structured approach to the assessment of spend categories.

Procurement Journey is public procurement toolkit with guidance and templates on the procurement process to facilitate a standardised approach to the market and contract and supplier management.

Procurement & Commercial Improvement Programme (PCIP) replaced the previous Procurement Capability Assessment (PCA) and focuses on the policies and procedures driving procurement performance and more importantly, the results they deliver.

PCS (Public Contracts Scotland) is the national advertising portal used to advertise all public sector goods, services or works contract opportunities.

PCS-Tender is the national eTendering system, and is centrally funded by the Scottish Government. The system is a secure and efficient means for buyers and suppliers to manage tender exercises online. The standard templates enable buyers to create consistent tender documentation.

Segmentation the division and grouping of suppliers or contracts in relation to spend and its criticality to business.

Small and Medium Sized Enterprises (SMEs) encompass –

Micro enterprises: enterprises which employ fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed £1.57 million.

Small enterprises: enterprises which employ fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed £7.86 million.

Medium enterprises: enterprises which are neither micro nor small, which employ fewer than 250 persons and which have an annual turnover not exceeding £39.28 million, and/or an annual balance sheet total not exceeding £33.78 million.

Social Enterprises are revenue-generating businesses with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners.

Supply Chain encompasses all activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.

Supported business means an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons, and where at least 30% of the employees of the economic operator are disabled or disadvantaged persons.

Supported employment programme means an employment programme operated by an economic operator, the main aim of which is the social and professional integration of disabled or disadvantaged persons, and where at least 30% of those engaged in the programme are disabled or disadvantaged persons.

Sustain - is the APUC supply chain sustainability web portal, a central hub where sector suppliers can complete and store sustainability compliance data. The portal is the core supply chain sustainability tool supporting HE and FE institutions and their suppliers in delivering a transparent, environmentally positive, ethical and socially responsible supply chain

Sustainable Procurement A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits, not only for the organisation but also to society, the economy and the environment.

Third-Party Expenditure is calculated based upon the total value of invoices paid per annum, excluding VAT, to all suppliers for the purchase of goods and services. It is defined as including: goods – tangible products such as stationery, which are often also known as supplies. Services – provision of an intangible product such as refuse collection, elderly home care, whether carried out internally or externally. Works – including construction works and utilities – energy costs. It excludes employee costs, non-cash expenditure (e.g. depreciation), grants, trust payments and other non-controllable payments to other publicly funded bodies but should include spending on agency staff, capital expenditure and programme spend on commodities and services.