# Abertay University - Annual Procurement Report (APR)

## 01 August 2019 – 31 July 2020

### Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) required any public organisation which has an estimated annual regulated spend[1] 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 APR, reflecting on the relevant reporting period of the procurement strategy.

This report covers the period from 1 August 2019 to 31 July 2020 and addresses performance and achievements in delivering the Abertay University organisational procurement strategy. A report is prepared on a rolling 12 month basis.

The development of the procurement strategy was the outcome of consultation and discussion with internal and external stakeholders who have an interest in the institutional 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 institution, value for money [defined as the best balance of cost, quality and sustainability] and delivery against the institution'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 institution may need to adjust.

Abertay University Procurement Strategy

The University's Procurement Strategy is in the process of being updated and will be republished later in 2021 to reflect the University Strategic Plan 2020-2025.


Abertay University has analysed third party expenditure and has identified that over the period covered by this report the following expenditure has occurred:

- EU regulated procurements [goods and services worth more than £189,330; works worth more than £4,733,252[2]] amounted to £2,500,000. There was 1 such procurements completed[3].
- Lower value regulated procurements' [goods and services worth more than £50,000, works worth more than £2 million] amounted to £469,315. There were 7 such procurements completed.

More detailed information on the regulated procurements, is provided in Sections 1 and 2 of this report.

Abertay University had 410 active suppliers within the reporting period. 324 of these suppliers are recorded as SMEs. 3 SMEs featured in the award of regulated procurements during the period.

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[1] 'Regulated' procurements are those with an estimated value equal to or greater than £50k (≥ £12,500 per annum over a four-year contract period excluding VAT) for goods & services (or £2,000,000 excluding VAT for a public works contract).
[2] Public contracts (EU) thresholds were last updated on 01/01/2020 and revised every 2 years – next due on 01 /01/2022
[3] Completed when the award notice is published or where the procurement process otherwise comes to an end - covers contracts and framework agreements

The total non-pay expenditure was £10,031,096. This was made up of £5,890,314 of regulated expenditure (Suppliers where in excess of £50,000 has been spent) and £4,140,782 non-regulated expenditure.

The University optimises the use of national, sectoral, local or regional collaborative contracts and frameworks. 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. Approximately 70% of the University's spend went through collaborative agreements during the reporting period.

Finally, the 2019 Procurement & Commercial Improvement Programme (PCIP) assessment score of 61% now places Abertay University within the Silver banding of performance. This represents an improvement of 9% on the 2016 PCIP assessment. The intention is to focus on further on developing the function prior to the next assessment due in 2022.

The remainder of 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 Approval**

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Report Noted and Approved by: Finance & Corporate Performance Committee

Authorised by Responsible Officer (Name/Position):

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Date of approval and authorisation: 12/01/2021

**Section 1:  Summary of Regulated Procurements Completed**

Abertay University strongly believes in conducting its procurements in an open and inclusive manner with procurement objectives aligned to the University'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 and the systematic use of Public Contracts Scotland and Quick Quotes where appropriate, provides complete visibility of the University's procurement activity over the reporting period.

Page 9 of this document sets out further information to show lower value regulated procurements completed and EU regulated procurements completed. 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.


**Section 2: Review of Regulated Procurement Compliance**

Where appropriate, the University makes 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).

Care is taken to ensure that the University appoints 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 University has endeavoured to undertake all its regulated procurements in compliance with EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition.

The onset of the Covid-19 pandemic in March 2020 resulted in a small number of contracts being extended using the extenuating circumstances set out within the Scottish Procurement Policy Note (SPPN) 4/2020, these extended contracts have been added to the forward plan of activity.

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

| Procurement Strategy Objective | Annual Report Commentary on strategy delivery/compliance |
|---|---|
| To work with internal budget holders, academic and support service colleagues and suppliers to deliver innovation and best value to the University, through the continuing | Abertay University procurement activity follows guidelines set out in the Scottish Procurement Journey ensuring consistency, and transparency. |

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|---|---|
| development of effective and co-ordinated purchasing processes | |
| To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners. | Procurement staff adopt a pro-active approach to their continuing professional development, participating in training courses organised for the sector by APUC and making use of available online resources to ensure that professional competence is maintained.<br><br>Staff involved in procurement and purchasing activities are provided with guidance and appropriate support in areas such as legal compliance, sustainability and value for money. Support with effective contract management continues to be developed.<br><br>Advice and guidance is available on the University's intranet pages. |
| To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities. | Principles of Whole Life Costing, Quality and Sustainability are encouraged to ensure procurement activities deliver best value for money.<br><br>Procurement staff work collaboratively with end users and wider stakeholder groups to ensure that tender specifications and contracts meet the needs of the institution and are clearly understood and deliverable by the supply base.<br><br>The University advocates the aggregation of requirements when appropriate to maximise leverage, reduce duplication of effort and mitigate against unnecessary resource costs.<br><br>The uptake of framework contracts and spend through collaborative agreements is increasing year on year. |
| To work with our internal stakeholders and suppliers to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students. | Procurement staff work collaboratively with end users and wider stakeholder groups to provide best practice advice and guidance with a view to maximising value and minimising risk in relation to the provision of goods and services. |
| To develop sound and useful procurement management information in order to measure and improve procurement and supplier performance and to improve co-ordinated procurement planning | All regulated procurements are advertised on PCS and use of the Quick Quote facility for exercises which fall below the regulatory thresholds is made where appropriate.<br><br>This approach maximises access to contract opportunities and ensures these are open to as many suppliers as possible. |

| | Where relevant, tender specifications make use of appropriate standards and labels to ensure fair and ethical trading is a consideration in suppliers' offers.  Use of Sector Framework Agreements provides additional assurance in relation to fair and ethical trading.  For example, the use of Electronics Watch information in the procurement of ICT equipment mitigates the risks of the use of forced labour in the supply chain. |
|---|---|
| | Spend analysis is undertaken to assist with opportunity identification and forward planning, whilst the Institutional Dashboard information available from APUC provides useful benchmark information in relation to spend, savings and collaborative activity. |
| | The externally facing contracts register is kept up to date to ensure the key principles of openness and transparency are met. |
| To embed sound ethical, social and environmental policies within the University's procurement function and to comply with relevant Scottish and EU legislation through compliance with the Sustainable Procurement Duty. | The University is committed to contracting only with suppliers that comply with all appropriate and relevant legislation. Where appropriate, and on a contract by contract basis, the institution will assess the legislation applicable to the contract and take steps to ensure bidders comply with it e.g. Health and Safety, Equality and GDPR/Data Protection legislation. |
| | Where appropriate and proportionate, fair work practices will be evaluated as part of the tender process, with areas such as zero-hours contracts and payment of the real/national living wage being taken into consideration. The University is now an accredited Living Wage employer and encourages it's supply base to follow this practice. |
| | Where appropriate, Community Benefits Clauses will be considered and performance against these measured throughout the lifespan of the contract. |

The University has procurement processes 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, the University considers 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. Where possible, relevant and proportionate, such clauses may be included in regulated procurements valued at below £4m.

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 and/or associated emissions and impacts on protected areas, buildings or sites.

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.

In the reporting period, there were no new contracts awarded containing community benefits.

**Section 4: Supported Business**

Abertay University reviews appropriate procurements to determine whether subsequent contracts 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 only Supported Business register currently available and published by Ready for Business).

There were no contracts for supported businesses in the period covered by this report, and presently there are no contracts in place with a supported business. Opportunities will continue to be explored and identified as part of future contract strategies.

**Section 5 – Future Regulated Procurements**

The University 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 this document should be viewed with this caveat in mind. This is particularly important during the current Covid-19 pandemic situation, where future needs and requirements may be subject to amendment and change.

The information provided 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

**List of Regulated Procurements Completed in the Reporting Period - 01/08/2019 – 31/07/2020**

**Compliant**

| Category Subject | Supplier name | Date of Award | Owner: Cat A/B or C? | Start Date | End Date | Value over contract period | SME status | Supported Business |
|---|---|---|---|---|---|---|---|---|
| Condition Survey | Faithful+Gould Limited | 13/08/2019 | B – APUC | 01/08/2019 | 31/01/2024 | £60,000 | N | N |
| Donor Management & CRM System (Raiser's Edge) | Blackbaud Europe Ltd | 01/08/2019 | C | 01/08/2019 | 31/07/2024 | £55,515 | N | N |
| InGame - Research Project Delivery Partner | Interface (EDINBURGH INNOVATIONS LIMITED) | 01/08/2019 | C | 01/09/2019 | 31/08/2023 | £138,800 | Y | N |
| InGame - Research Project Delivery Partner | Biome Collective | 01/08/2019 | C | 01/09/2019 | 31/08/2023 | £60,000 | Y | N |
| InGame - Research Project Delivery Partner | Creative Dundee | 01/08/2019 | C | 01/09/2019 | 31/08/2023 | £55,000 | Y | N |
| Cloud Transformation Services (including Virtual Labs) | Core Azure Ltd | 03/06/2020 | A – GCloud | 22/06/2020 | 21/06/2024 | £2,500,000 | N | N |
| Travel Management | CTM (North) Ltd | 25/07/2020 | A – CCS | 01/08/2020 | 31/07/2022 | £100,000 | N | N |

**Non-Compliant**
There were no non-compliant regulated procurements undertaken or completed in the reporting period.

**List of Regulated Procurements with Community Benefit Requirements Fulfilled**

There were no new regulated procurements above the community benefits threshold placed during the reporting period.

**List of Regulated Procurements placed with Supported Businesses**

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

**List of Regulated Procurements planned to commence in next two F/Ys 2020/21 & 2021/22**

| Category Subject Matter (Title/Desc) | Recurrent | Notice Publication Date | Forecast Contract Award | Expected Start Date | End Date | Est Contract Value | Category |
|---|---|---|---|---|---|---|---|
| Wifi - Upgrade & Ongoing Support/Maintenance | New | N/A – via framework | 20/08/2020 | 24/08/2020 | 23/08/2024 | £160,000 | A |
| Waste Management | Retender | N/A – via framework | 15/11/2020 | 01/12/2020 | 30/11/2025 | £50,000 | B |
| Microsoft Services - EES & Azure Consumption | New | N/A – via framework | 14/12/2020 | 01/01/2021 | 31/12/2023 | £200,000 | B |
| Kydd Building - Cladding Works | New | N/A – via framework | N/A - via SCAPE agreement | 01/04/2021 | 31/10/2021 | £7,000,000 | A |
| Cyber Quarter - Design & Build | New | N/A – via SCAPE framework | N/A – via SCAPE agreement | 01/04/2021 | 31/03/2022 | £2,200,000 | TBC |
| Pluralsight licences (Specialist Arts, Design, IT learning platform) | Retender | N/A – via framework | 01/05/2021 | 18/05/2021 | 17/05/2025 | £70,000 | A |
| Programme Marketing/Delivery Partner | New | 01/02/2021 | 01/05/2021 | 01/06/2021 | 31/05/2031 | TBC | C |
| HR/Payroll System | Retender | N/A – via framework | 01/05/2021 | 01/07/2021 | 30/06/2024 | £120,000 | B |
| Audio Visual - Fully Managed Service | Retender | N/A – via framework | 01/06/2021 | 01/08/2021 | 31/07/2026 | £300,000 | B |
| Insurance Covers (exc Brokerage) | Retender | N/A – via framework | 01/06/2021 | 01/08/2021 | 31/07/2023 | £300,000 | A |
| Legal Services | Retender | N/A – via framework | 01/07/2021 | 01/08/2021 | 31/07/2024 | £210,000 | B |
| Marketing & Business Stationery Print | New | TBC | 01/07/2021 | 01/08/2021 | 31/07/2026 | £50,000 | C |
| Painterworks MTC | Retender | 01/03/2021 | 01/08/2021 | 14/08/2021 | 13/08/2025 | £120,000 | C |
| Adobe Licence renewals | Retender | N/A – via framework | 01/08/2021 | 15/08/2021 | 14/08/2022 | £62,000 | B |
| Content Capture (Enhanced Lecture Capture) | New | 01/03/2021 | 01/07/2021 | 01/09/2021 | 31/08/2026 | £150,000 | C |
| Sciencedirect freedom collection | Retender | N/A – via framework | 01/09/2021 | 18/11/2021 | 17/11/2026 | £56,000 | B |
| Investment Management Services | Retender | 01/07/2021 | 31/12/2020 | 09/03/2022 | 08/03/2027 | £150,000 | C |
| Managed Print - MFD leasing | Retender | N/A – via framework | 01/04/2022 | 01/07/2022 | 30/06/2025 | £100,000 | A |
| Student Records System - Support & Maintenance | Retender | N/A – via framework | 01/05/2022 | 01/07/2022 | 30/07/2027 | £275,000 | B |
| Travel Management Services | Retender | N/A – via framework | 01/02/2022 | 01/08/2022 | 31/07/2025 | £350,000 | A |
| Student Services Management Platform | New | | 01/05/2022 | 01/08/2022 | 31/07/2025 | £63,000 | C |
| External Audit Services | Retender | N/A – via framework | 01/06/2022 | 01/08/2022 | 31/07/2025 | £120,000 | B |
| Internal Audit Services | Retender | N/A – via framework | 01/06/2022 | 01/08/2022 | 31/07/2025 | £125,000 | B |
| Residences Accomodation System | Retender | TBC | 01/03/2022 | 01/09/2022 | 30/08/2027 | £80,000 | TBC |
| Current Research Information System | Retender | 01/03/2022 | 01/08/2022 | 01/03/2023 | 28/02/2030 | £150,000 | C |

## Glossary of Terms

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

| | |
|---|---|
| Category A | Collaborative Contracts available to all public bodies<br><br>• Scottish Procurement |
| Category B | Collaborative Contracts available to public bodies within a specific sector<br><br>• Scottish Procurement<br>• APUC<br>• Scotland Excel<br>• 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.

**Supply Chain Management Programme (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

**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.

**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.