



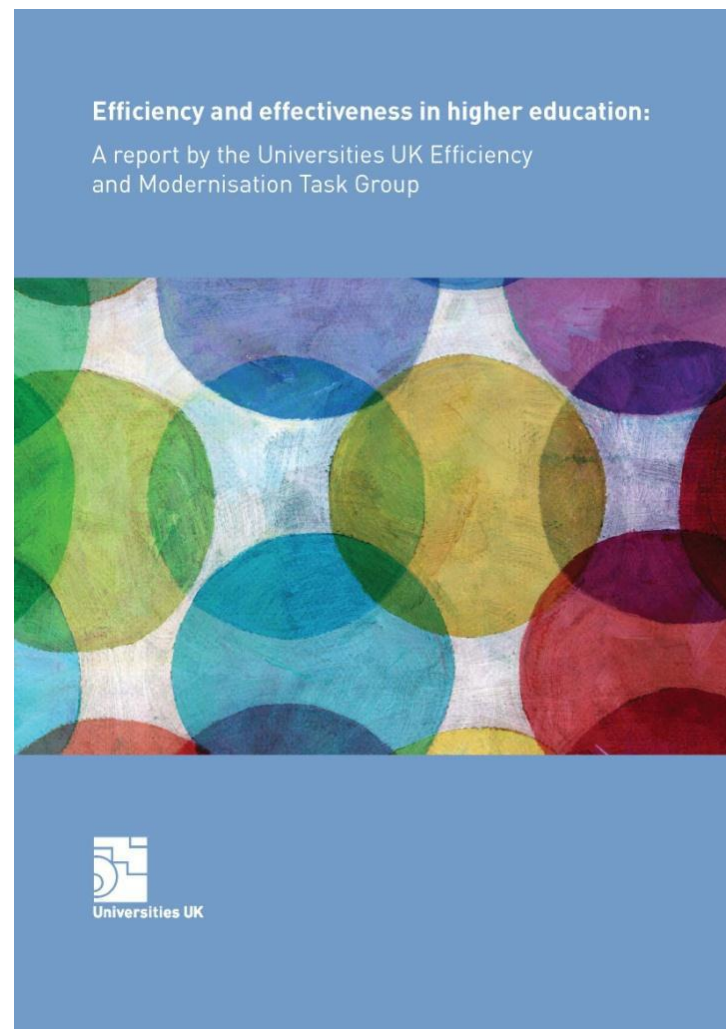
Universities UK



Procurement UK: from policy to action

Professor Nick Petford DSc
Chair, Procurement UK

- » Procurement UK
 - » UK scene
- » Strategic Procurement
 - » Data
- » Action
 - » University of Northampton
Waterside relocation
- » Opportunities/Challenges
 - » Social Impact
 - » Technology e.g. Blockchain
 - » Brexit
 - » Human Resources



Procurement UK

The Diamond report stressed the need to place procurement at the heart of strategies to deliver efficiencies and better value for money in higher education, both at the institutional and sector level.

Procurement describes the *activities* and *processes* used to acquire goods and services.

Fundamentally involves:

- sourcing

- market research

- vendor evaluation

- contract negotiation

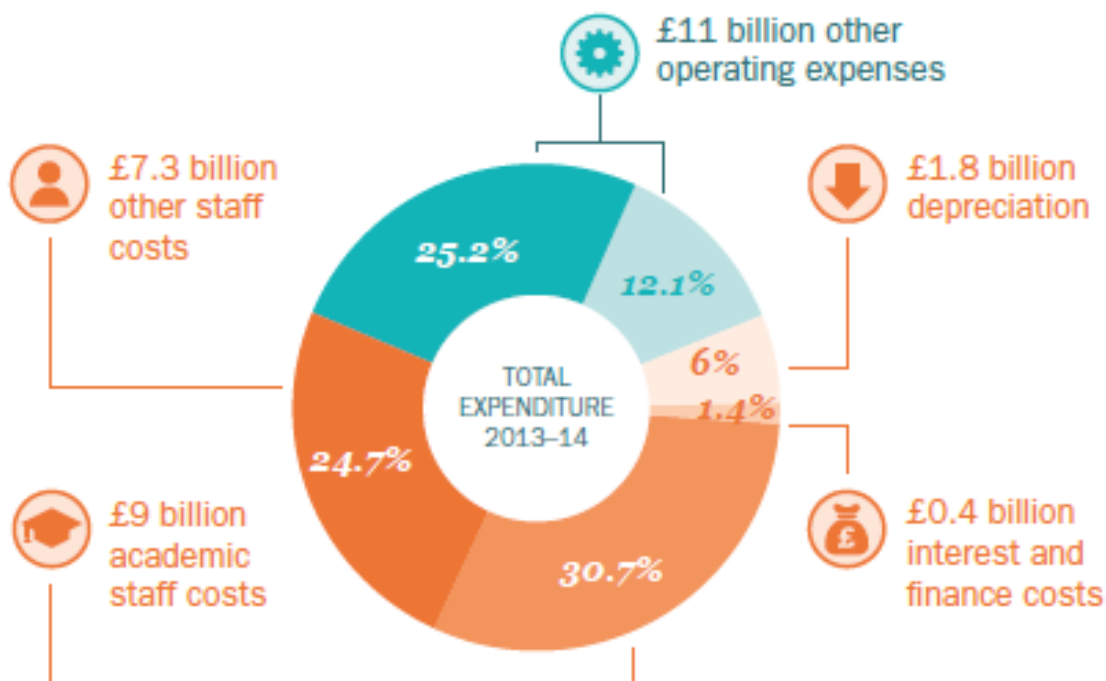
- collaboration

Purchasing, ordering and receiving goods and services, a subset of the wider procurement process.

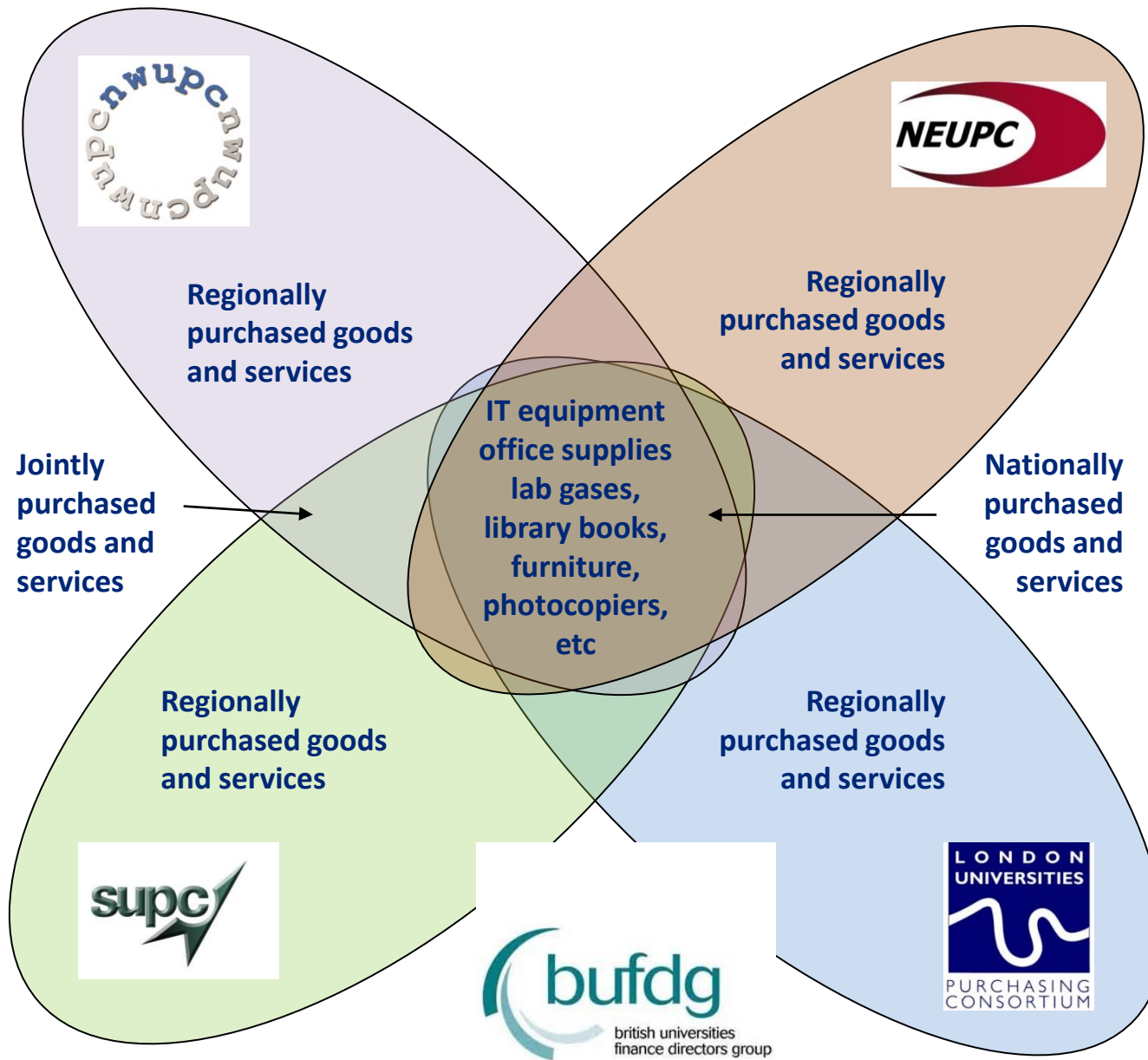
Procurement in UK higher education

Procurement matters

25.2% of all UK university spending is potentially influenceable by procurement.



Source: HESA, HEFCE



**Nationally
purchased energy:**



**Nationally
purchased catering
goods & services:**



**Collaboration with
consortia in
Scotland & Wales:**



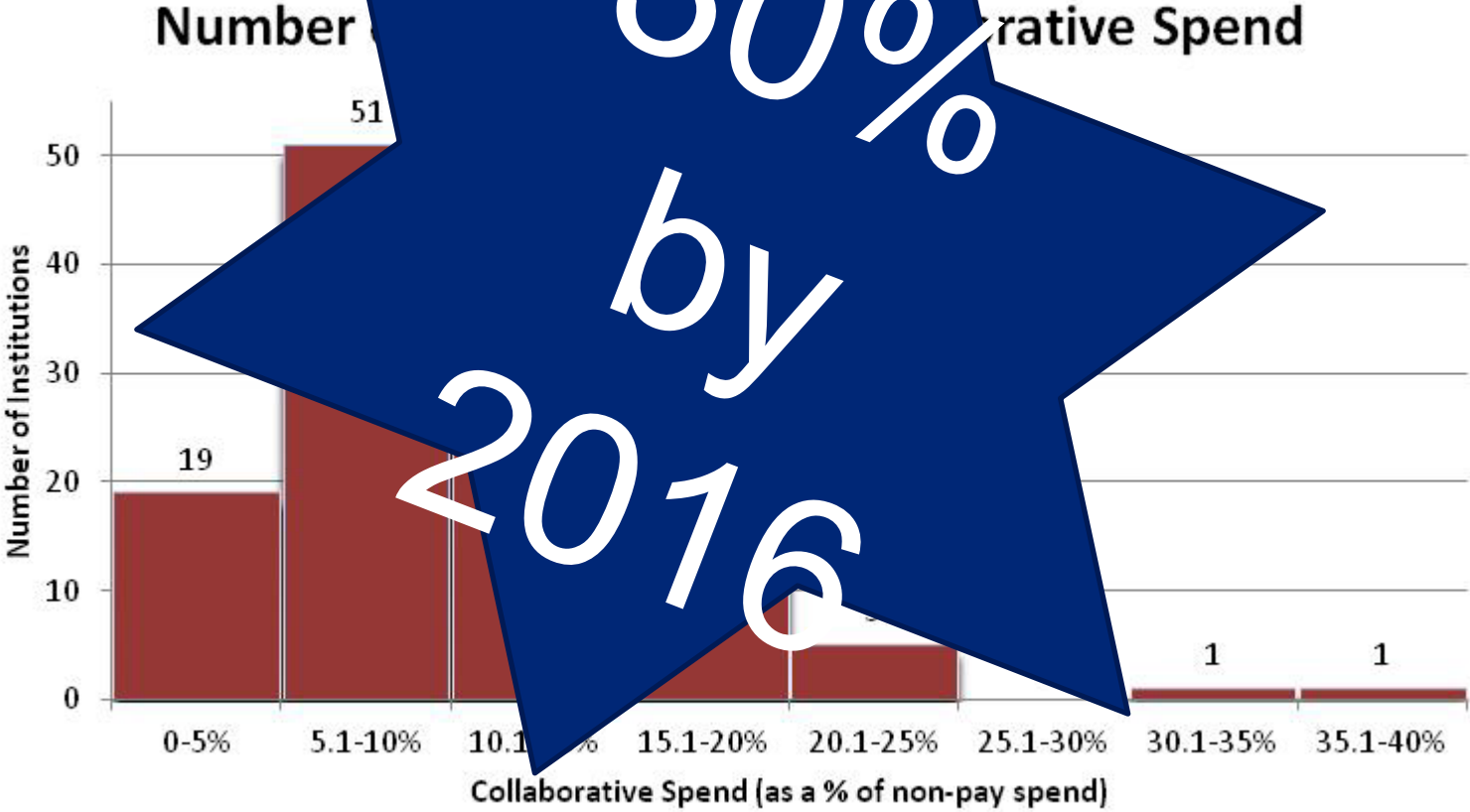
Bringing it together operationally & strategically



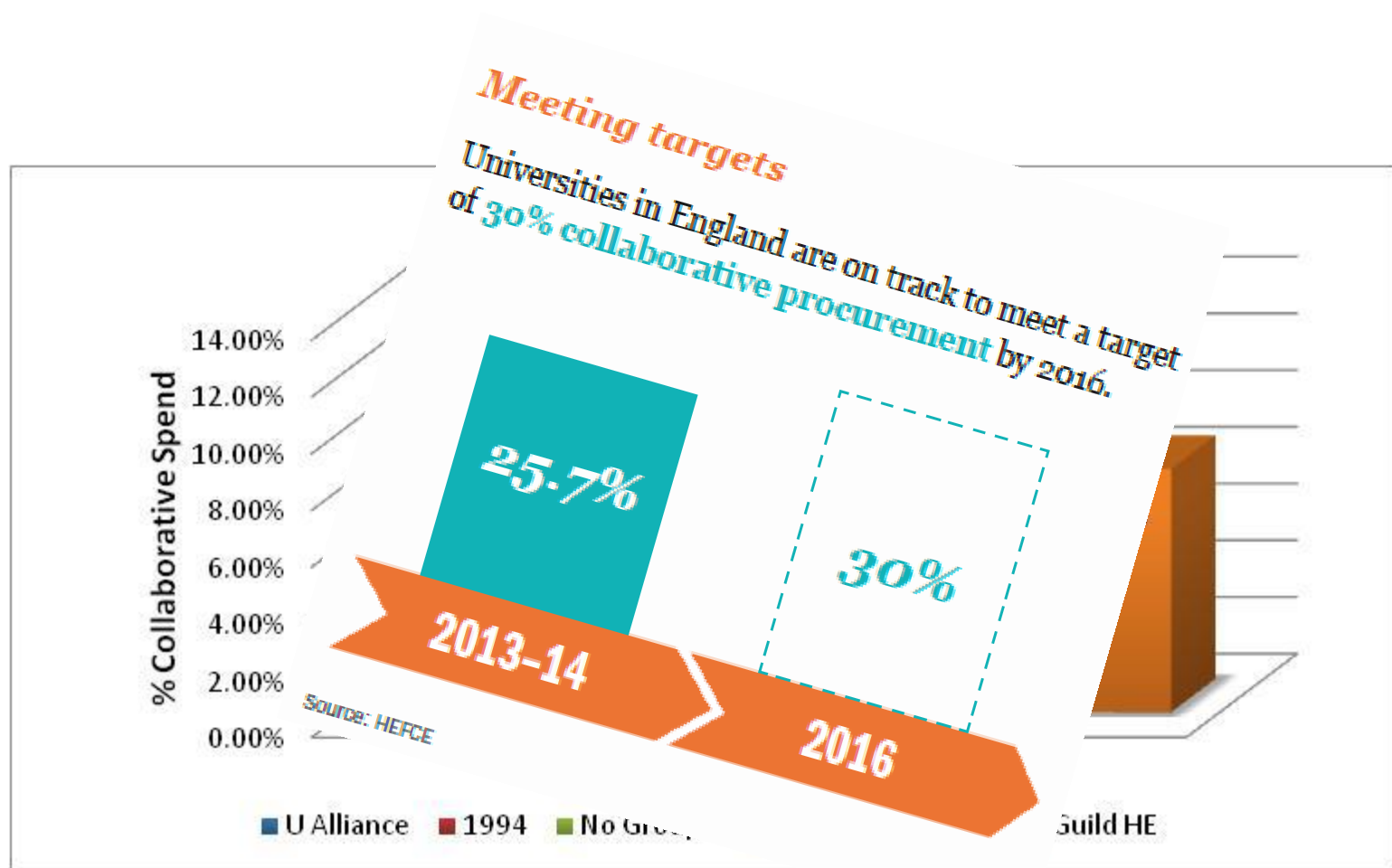
PROCUREMENT UK

Strategic Oversight

» Strategic Procurement



Mean Average Collaborative Procurement Figures by University Group 2010-11



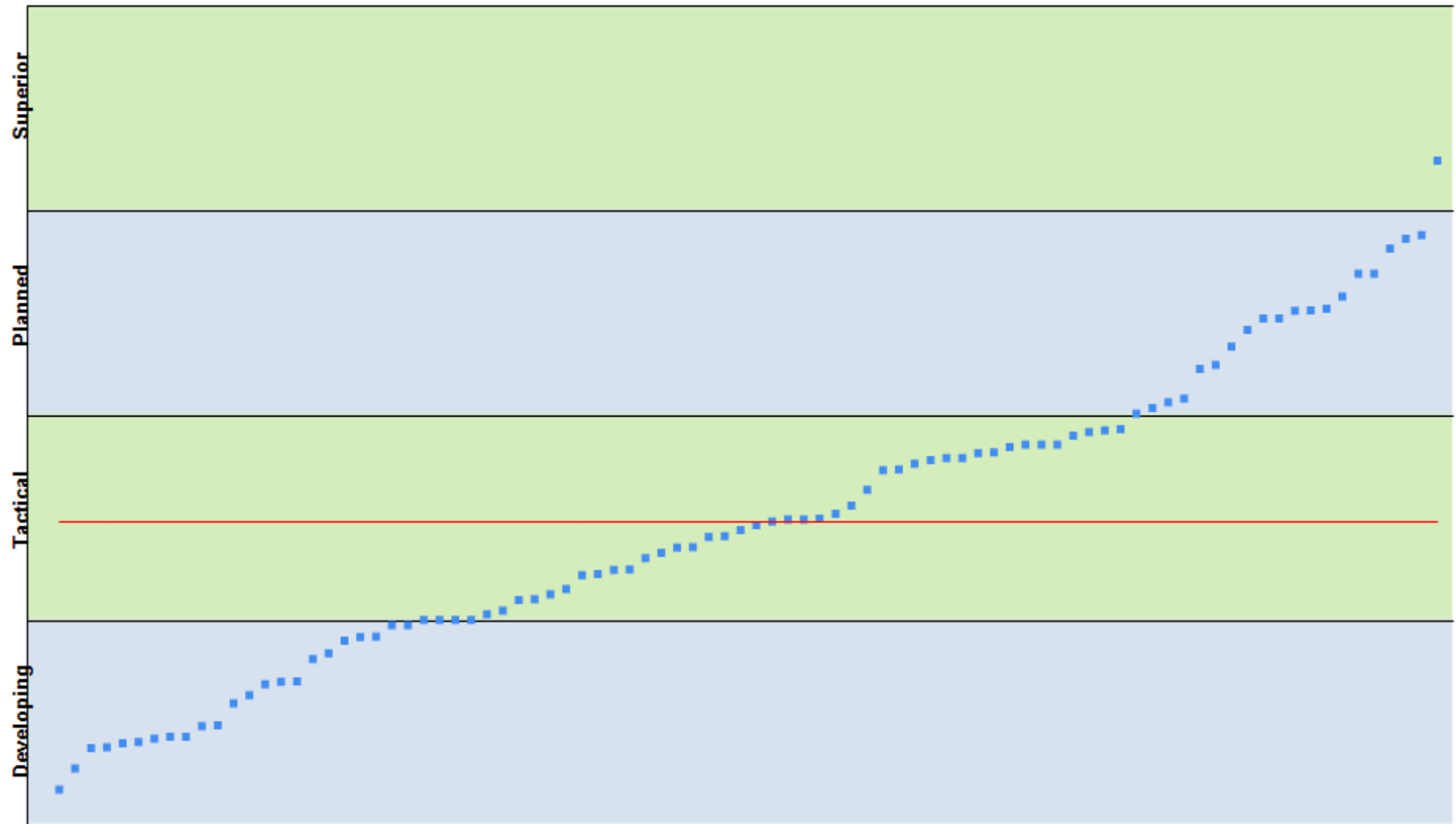
» Strategic Procurement Data

Procurement Maturity Assessments (1)

- » A Procurement Maturity Assessment (PMA) is an independent assessment of an institutions procurement function
- » It gives participating universities:
 - » a bespoke action plan for improvement,
 - » a baseline to measure improvements,
 - » as well as a benchmark scores against similar institutions.
- » The purpose of this is to help institutions to understand and improve the efficiency and effectiveness of their procurement functions, which can, in turn, lead to significant efficiency savings.

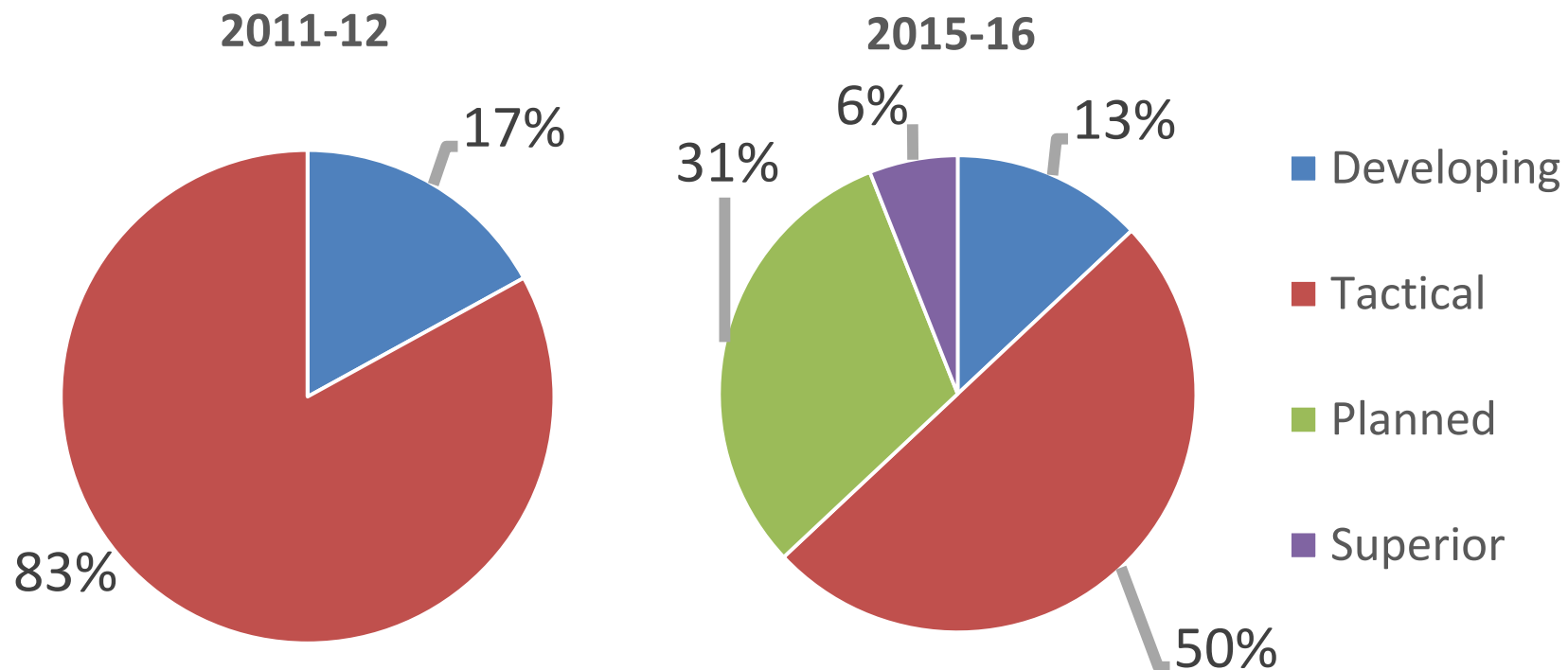


Scores across the Maturity Scale 2014/15

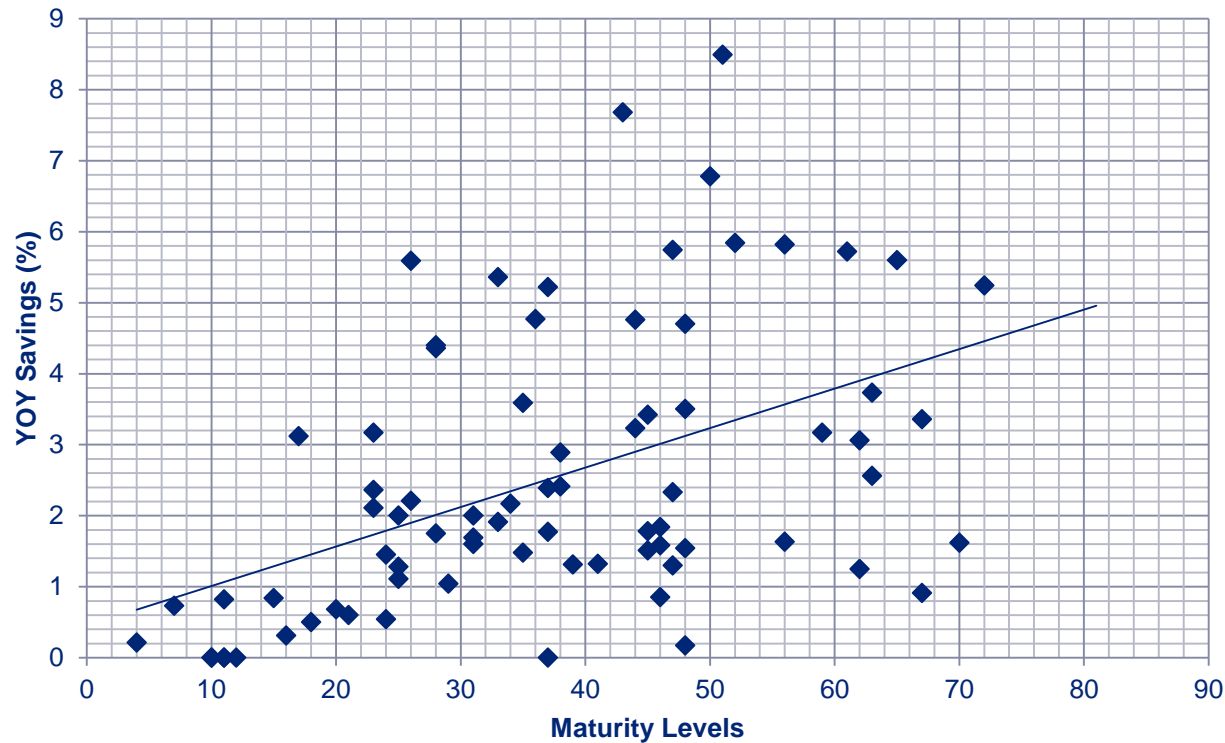


Procurement Maturity Assessments (2)

Institutions at different maturity stages



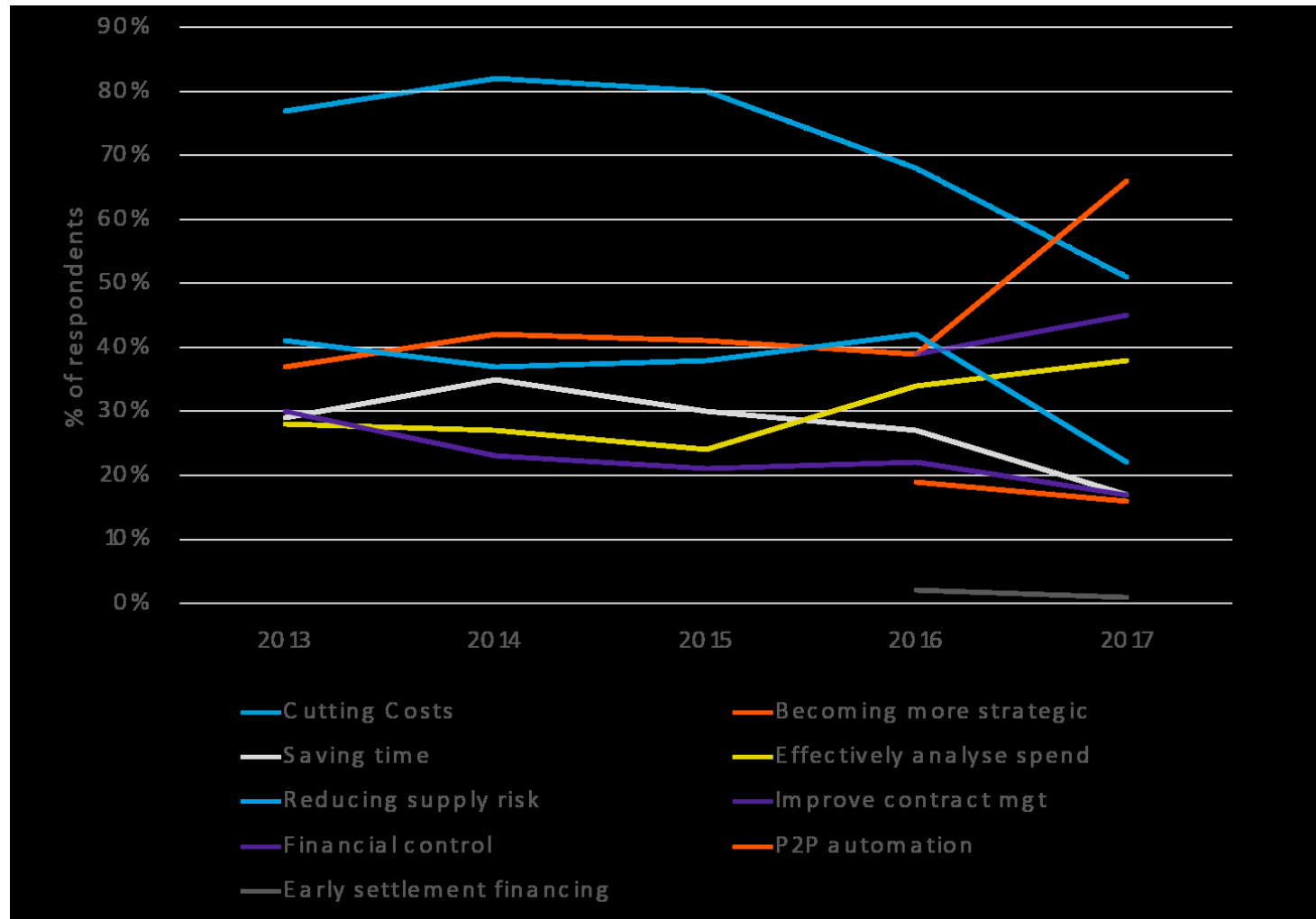
Correlations of Savings with Maturity



Weak, but positive, correlation between Savings BPI and Maturity



Procurement trends 2017



» Action

In 2014/15, BUY BETTER like for like cost avoidance vs. budget of £2.43m (7%)
In 2015/16, BUY BETTER delivered a further £903k

Non-pay Expenditure Performance		
14/15 budget	£34,655,000	
14/15 actual	£32,225,000	
14/15 performance	£2,430,000	
	-7.01%	
15/16 budget	£31,322,000	
diff vs 14/15 budget (2yr performance)	-£3,333,000	
diff vs 14/15 actual	-£903,000	



Cost Saving Example: Heating

- » 63,322 m² to 38,644 m² (c. 40%)
- » Non-residential heating £4.7 m²/yr
- » 120k/yr





Public Services (Social Value) Act 2012



The Public Services (Social Value) Act 2012

- Became law 8th March 2012
- Live from 31st January 2013
- Impacts on public sector procurement e.g. PQQs & Tenders

What is this thing called
social value?

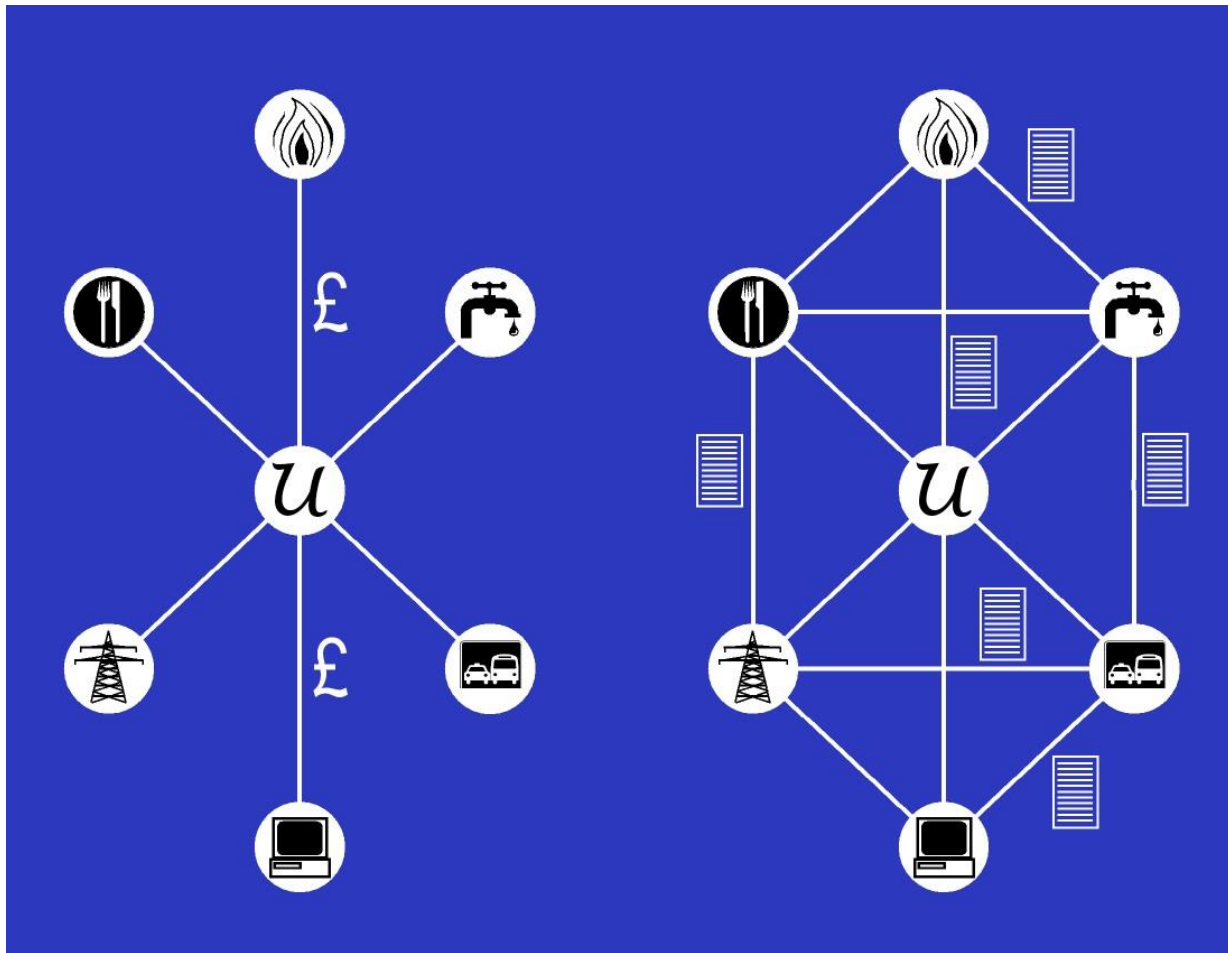
SOCIAL LEVY FUND

- Our evaluation criteria for supplier contract awards cover the Q.C.D.I.S.SI
 - Quality
 - Cost
 - Delivery
 - Innovation
 - Service
 - **Social Impact**
- **5% weighting** within the evaluation process for Social Impact. (NEETS, Student Placements, Apprenticeships)
- Social Impact is negotiated within our contract negotiations and is communicated clearly from the outset as part of the evaluation criteria.
- Social levy funds are negotiated outside of contract negotiations and are only discussed post contract award.
- Bursaries, linked to Advancement agenda



» Opportunities/Challenges

Blockchain Procurement



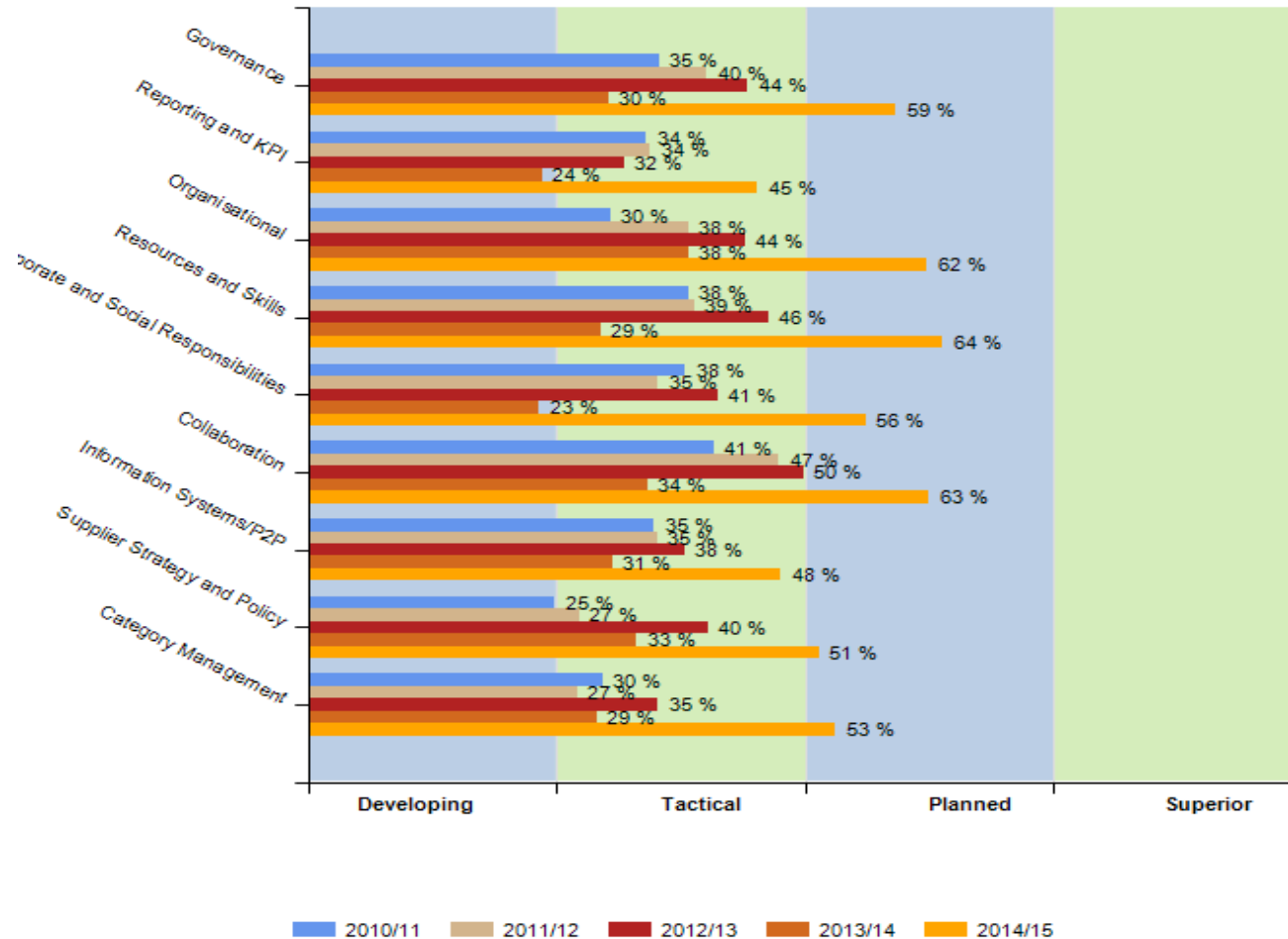


Procurement Maturity Assessments (3)

As of November 2016:

- » 96 universities had participated in PMAs, with
 - » 72 of them having undertaken a *second* PMA, and
 - » 8 of them now on their *3rd* PMA.
-
- » Average progression from 1st to 2nd PMA is 13% improvement
 - » Average progression from 2nd to 3rd is 17% improvement
 - » Overall average score is 42% i.e the top end of Tactical.
 - » There are now 5 PMA participants at a Superior level of maturity. i.e over 75%

Follow Up PMAs by Attribute



Demonstrable improvement across all attributes- on average 22% points since 2010/11. Organisational most improved.