

# PROCUREMENT STRATEGY AND ACTION PLAN 2018-2022

“Aiming for Best Practice and Outcomes”



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### 1.0 INTRODUCTION

1.1 Procurement is described in the National Procurement Strategy 2003 as:

*“Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties (and from in-house providers). The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves option appraisal and critical ‘make or buy’ decisions which may result in the provision of services in-house in appropriate circumstances”.*

- 1.2 Traditionally procurement activities have principally focussed on the specification and tendering stage of the contract process. It is widely acknowledged that the benefits of optimising the experience and expertise of procurement professionals has a much wider reach and should be maximised throughout the entire procurement process from service design/re-design through to effective contract management. Procurement should be considered as being the full range of activities relating to the supply of goods, works or services, from “cradle to grave”, including the definition of requirements through the acquisition process and payment to the ultimate disposal of the asset. Procurement is also referred to as buying, purchasing, contracting or commissioning and all service areas will engage in procurement, which can range from the most basic requirements to multi-million pound services and works.
- 1.3 The University has controllable annual non-pay spend of over £35 million plus capital expenditure. The Procurement function is co-ordinated by Procurement & Business Services (P&BS), focusing on the implementation and management of a wide range of Supplies, Services and Works related contracts utilised by Faculties, Directorates, Departments and Institutes of the University.

### 2.0 KEY PROCUREMENT ACHIEVEMENTS

- 2.1 The Procurement Team has undertaken a considerable amount of work to improve the operation and effectiveness of Procurement Policies and Procedures since the publication of the Procurement Strategy and Action Plan covering the period 2015 to 2018.
- 2.2 The key achievements under the last Strategy are summarised as follows:
- **Business Opportunities:** Contracts over the EU Procurement Directive thresholds have been advertised in the Official Journal of the European Communities (OJEU) for Supplies, Service and Works projects, the largest most recently completed being the Stockwell Street development. New suppliers and contractors have been selected to compete for the provision of the University’s Supplies, Services and Works contracts.
  - **Systems and Process:** The publication of OJEU Contract Notices in OJEU via the **Delta eSourcing** system, use of the electronic **In-Tend** tendering suite for all tenders and the synchronising of the **Constructionline** contractor accreditation facilities have enhanced the robustness and speed of processing projects. The implementation of the **Parabilis** e-Procurement system has revolutionised the processing of purchase orders and increased efficiencies across the University, as has the use of the “Quick Quotes” module of **In-Tend** for obtaining competitive quotations in rapid time.
  - **Collaborative Procurement:** Through the assessment, selection and recommendation of Framework agreements administered by the five of the six UK Universities Procurement Consortia in the UK, i.e. LUPC (London Universities Purchasing Consortium) of which the University is a full member, SUPC (Southern Universities Purchasing Consortium), NWUPC (North West Universities Purchasing Consortium), NEUPC (North East Universities Purchasing Consortium), APUC (Advanced Purchasing for Universities and Colleges (Scotland), and HEPCW (Higher Education Purchasing Consortium, Wales) as well as Crown Commercial Services (Central Government consortia) and ESPO (Eastern Shires Purchasing Organisation).
  - **Supplier Relationship Management:** Streamlining and enhancement of the electronic supplier registration system, developing closer working relationships and product knowledge through the annual Procurement exhibition.

- **Savings:** Efficiency and price savings in excess of £5 million have been delivered by Procurement & Business Services during the period of the last Procurement Strategy and Action Plan.
- **Value for Money Audits:** Positive outcomes have been identified by the University's Internal Auditors in Value for Money investigations undertaken in the areas of Printing and Reprographics, Travel, e-Procurement and Procurement generally.
- **Procurement Maturity Health Check:** The University's Internal Auditor's Procurement Specialist undertook a Health Check of Procurement & Business Services and concluded that *"We found that generally the University of Greenwich exhibits what is generally regarded as best procurement practice in a number of areas"*. These key areas included:
  - ✓ A long-established Procurement Team led by a very experienced senior procurement professional, and containing in the main professionally qualified and experienced staff.
  - ✓ A Procurement Strategy and Action Plan that aligns itself with other appropriate University strategies.
  - ✓ The inclusion of 'softer' areas in the new Strategy, for example, the intention to embed the University's corporate social responsibilities, where appropriate, into procurement processes
  - ✓ A comprehensive set of regulations and guidelines covering most aspects of procurement activity.
  - ✓ The use of electronic systems covering the end to end procurement process from tendering and sourcing through the In-Tend system to order placing through the Parabilis system. In addition, there is extensive use of the University Intranet for communicating and advising on procurement matters
  - ✓ Membership and utilisation of Procurement consortia for identifying opportunities for using the combined purchasing power of members to deliver lower prices and better quality.
  - ✓ The establishment of a comprehensive 'Spend Map', that is, up-to-date information of what is being spent with whom, on what, and for how much. This includes the categorisation of expenditure into 4 categories; corporate contracts, consortia agreements, approved suppliers and non-approved suppliers, although we believe some suppliers are wrongly classified.
  - ✓ A contract portfolio that includes details of most of the high value contracts.
  - ✓ Regular and detailed reporting of savings made.
  - ✓ The concentration of expenditure into a relatively small supplier base. For example, £20.11m (65%) was spent with just 56 suppliers.

2.3 Procurement must be constantly positioned so that it's capability to make a contribution to value for money in terms of efficient and cost-effective University services, process and purchase cost reductions, prudent and proper utilisation of the resources irrespective of their source and support of the University's wider social responsibilities.

## Procurement Strategy and Action Plan 2018-2022

- 2.4 The Procurement Strategy and Action Plan builds on the last Strategy and creates a more robust framework for making further improvements to the University's procurement activity and contributing to savings and service quality for the three years period to 2018, during which Procurement & Business Services is "**Aiming for Best Practice and Outcomes**". The purpose of this Strategy is to set out a strategic procurement framework which complements the University's Strategic Plan.

### 3.0 EXTERNAL AND INTERNAL DRIVERS

- 3.1 There are a number of external and internal drivers that impact on the Procurement Strategy and these are summarised below.

#### **External Drivers**

- 3.2 The **External Drivers** can be summarised as follows:

- i) Proc-HE launched a Procurement Strategy for the sector in September 2003, which identified eight common Strategic Objectives, under the following cross-cutting themes:
- *good procurement practice;*
  - *collaboration;*
  - *knowledge and skills;*
  - *specialist expertise and risk minimisation;*
  - *effective and coordinated structures;*
  - *management information and performance measurement systems;*
  - *effective communication links;*
  - *commitment of heads of institutions, senior managers, governors, funding bodies.*

- 3.3 All HEIs, Consortia and the Research Councils are expected to review and align their current arrangements with the national Procurement Strategy Objectives.

- 3.4 The National Procurement Strategy 2014 for the Local Government sector encourages engagement with the delivery of outcomes in four key areas:

- i) **Making Savings** using spending power wisely and strategically and setting targets for procurement and contract management by the effective use of:
- **Category management** in key areas of spend – like energy, ICT and construction.
  - **Partnering and collaboration** to aggregate spend through effective collaboration.
  - A corporate approach to **contract management** to obtain best value from supply chains through proper relationship management.
  - Implementing effective **performance monitoring and transparency**.
  - An appropriate approach to and effective system for **risk management**.
  - A **Demand management** approach to meeting demands to reduce costs and oversupply within the procurement and commissioning cycle.
- ii) Supporting Local Economies by the Inclusion of **economic, environmental and social value criteria in all contracts** and **Improving access for SME's and VCSE's**.
- iii) **Demonstrating Leadership** that speaks clearly with a **single cohesive voice** with **commitment from the top** and seeing procurement as part of a strategic **commissioning** cycle involving stronger engagement and alignment of procurement.
- iv) **Modernising Procurement** to help the response to financial pressures through **commercialisation and income generation**, adopting **e-Procurement** to increase efficiency and productivity and taking advantage of the opportunities presented by the recently amended **EU Procurement Directives** which will allow University procurement processes to be quicker, simpler and less costly to run.



### Internal Drivers

3.5 The Internal Drivers impacting on the Procurement Strategy can be identified from the following corporate perspectives:

- i) The core purpose and **Mission** of the University, which it aims to achieve through high-quality education, research and enterprise that is stated as: ***“Transforming lives through inspired teaching and research”***
- ii) The University's Vision is that by 2022 the University will have succeeded if there is:
  - ***“significant improvement in the quality of our teaching and learning ...***
  - ***major increase in our research outcomes ...***
  - ***performance of our support services in meeting the needs of our students and staff has improved as measured by three quarters of staff being engaged with our mission, and national student satisfaction being above the TEF benchmarks.***
- iii) The University's interlocking and mutually supporting **Strategic Objectives** for realising and underpinning the Vision, namely:
  1. ***Changing student lives through outstanding teaching and learning***
  2. ***Enhancing science and society through inspiring research and enterprise***
  3. ***Creating engaging campus environments and services***
  4. ***Supporting and developing our staff***
  5. ***Internationalising Greenwich***
  6. ***Enhancing student employability.***
  7. ***Embedding our values – ambition, creativity, determination, excellence, and inclusivity – in all that we do.***

3.7 So that the activities and priorities of Procurement remain relevant and supportive of the wider corporate goals, the new Procurement Strategy and Action Plan has been revised to be deliberately closely aligned to the Strategic Objectives contained in the University's Strategic Action Plan for the period 2018 to 2022.

### 4.0 PROCUREMENT VISION

4.1 The Procurement Vision for the University for the period 2018 to 2022 is:

***“Working collaboratively with clients, providers and public bodies to implement efficient and cost-effective procurement practices that achieve Value for Money expended on Supplies, Services and Works and support the University's Strategic Objectives including corporate social responsibilities, primarily equalities and sustainability”.***

### 5.0 STRATEGIC PROCUREMENT OBJECTIVES

5.1 Emanating from the University's Procurement Vision, and giving due consideration to the national strategy, seven **Strategic Objectives** have been identified for the University's Procurement service during the period 2018/2022; these are as follows:

1. ***Raise the level of appropriate procurement knowledge, skills and expertise and make them accessible to all staff involved in the supply chain and students where appropriate.***
2. ***High priority to supporting research and enterprise activities through targeted procurement action.***
3. ***Embed the University's Corporate Social Responsibilities at all stages of the Procurement process and encourage the engagement and long term commitment of senior management, Requisitioners, user representatives, Governors and suppliers to a collaborative procurement culture.***
4. ***Train and develop staff engaged in the Procurement process to enhance service quality outcomes.***

5. *Procurement Arrangements and Practices to reflect the **internationalisation of the University***
6. ***Train and develop students** in Procurement to enhance their **employability***
7. ***Procurement Practice** to reflect and embed **University Values***

5.2 The main actions and commitments, levels of priority, key performance targets and lead responsibilities identified for the Strategic Objectives are identified in Appendix A for each of the University's Strategic Procurement Objectives.

### 6.0 IMPLEMENTATION OF THE STRATEGY - THE ACTION PLAN

- 6.1 Implementation of the Procurement Strategy will essentially be phased during the period. It will be necessary to annually review the organisation structure of Procurement & Business Services in order to ensure that achievements of the Actions are adequately supported.
- 6.2 The Strategic Objectives form the basis of the Action Plan (**Appendix A**) that is critical to the delivery of the Procurement Strategy during the relevant period. Where appropriate, the Main Actions and Commitments have been assigned one of Best Practice Indicators (BPIs) of Efficiency (Procurement Primary Indicators) and Effectiveness (Procurement Secondary Indicators) for institutions in the HE sector.
- 6.3 The Action Plan will be subject to annual review, with Benchmarking a main element of performance measurement during the period of the Strategy.

### 7.0 CONCLUSION

- 7.1 The Procurement Strategy aligns the University's procurement service to the core values stated in the Strategic Objectives as well as relevant sector-wide initiatives. Procurement & Business Services will require the support of stakeholders, i.e. senior managers, client representatives, governors and suppliers for the sustained effective delivery of the Procurement Strategy. Continuous consultation, feedback and corrective action will be necessary in order to encourage sustained participation and to embed the Strategy in the arrangements and procedures of Faculties, Directorates, Departments and Institutes of the University.

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