University College London

Procurement Services

Procurement Strategy 2016 - 2020

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1. Background

UCL is London’s Global University which fosters a diverse intellectual community, engaged with the wider world and committed to changing it for the better; recognised for its' radical and critical thinking and its' widespread influence; with an outstanding ability to integrate its' education, research, innovation and enterprise for the long term benefit of humanity.

To achieve this, UCL relies on the support of its’ external suppliers and service providers. Professional and commercial engagement with these companies is the responsibility of the Procurement Services department.

Its' function is:

- to reduce the UCL administrative costs through continuous streamlining of the procurement processes;
- to provide professional support to departments in all procurement related matters;
- to give specific guidance in certain product and service areas;
- to use UCLs’ significant purchasing power to obtain best value for money;
- to take a lead role on all UCL wide procurement initiatives;
- to promote and foster collaborative procurement across the HE sector to deliver best value for money and better services;
- to actively promote Life Cycle Costing in the evaluation and award of tenders, frameworks and contracts;
- to follow UCL Financial Regulations, and promote compliance with other procedures and legal requirements, appertaining to sustainable procurement and to advise departments accordingly.

2. Ownership

The UCL Procurement Strategy is owned by the Director of Procurement and is sponsored by the Director of Finance and Business Affairs

3. UCL Procurement Services Mission Statement

To provide best in class procurement, to ensure that UCL faculties, departments and institutions remain world leaders in teaching and research activity.

4. Strategic Aims

This document sets out UCLs procurement strategy for the period 2016-2020 which is developed along six strategic aims:

- Delivery of modern and effective procurement solutions
- Development and improvement of internal and external relationships
- Enhancement of commercial skills
- Embedding sustainability into procurement activities
- Increasing collaboration
- Improving procurement and purchasing processes and systems
4.1 Delivering Modern and Effective Procurement Solutions

Objectives

1. Achieve the maximum value for money in all category areas, in terms of price, quality, delivery and risk reduction.

2. Ensure that purchasing savings are UCL-wide, equitable and sustainable.

3. Be innovative to ensure we benefit from the best sourcing and contracting strategies, and that we take advantage of technological advances and new techniques.

4. To consider the long term sustainable cost to procurement decisions, particularly the financial, environmental, social and ethical impact on our assessment of value for money and to raise awareness of sustainability within the supply chain and procurement cycle.

Statement of Action

We will organise Procurement Services staff to specialise in specific categories of goods and services, and we will train them to develop expertise in those areas.

We will actively use category management as a best practice process in all our commodity areas, and we will use market/supplier insight, knowledge and technical expertise to determine individual category strategies that deliver best value solutions.

We will ensure our contractual arrangements in each category provide goods and services at best value using timely and dependable processes, to meet required quality standards. This will include periodic supplier review processes.

We will promote and build innovation into our category strategies to support supplier growth, improve our procurement procedures and supply chain innovation to ensure suppliers help us gain advantage from new techniques and technological advances. Innovation will be used to find better ways of working and to deliver sustainable value.

We will promote greater use of collaborative procurement agreements where cost effective benefits can be proven by doing so.

We will ensure that all high value (>£100k) and strategic procurement projects involve timely consultation between departments and Procurement Services.

We will ensure that framework agreements for common use items are easily accessible by departmental staff using electronic marketplaces or other means, avoiding duplication of effort and gaining maximum benefit from UCLs purchasing power.

We will provide clear guidance through a high quality website, to staff responsible for placing low to medium value orders and contracts.

We will make available to all UCL staff, a range of suitable training courses and ensure that additional professional assistance is available, if necessary.
4.2 Development and Improvement of Internal and External Relationships

Objectives

1. Operate as a business partner to better understand customer requirements, promote the role of the intelligent customer and improve early engagement.
2. Enhance the reputation of Procurement Services by improving customer relationships and levels of satisfaction, balanced with improving value for money.
3. Optimise and continuously improve supplier performance and relations.
4. Improve commercial and market intelligence to understand market capability and ensure suppliers are available to meet emerging needs.
5. Successfully manage commercial and supply risks to ensure sufficiently robust and flexible arrangements are in place to support business continuity.

Statement of Action

We will seek to act as a business partner to UCL departments, working to understand their future requirements, priorities and issues, to ensure their procurement related needs are effectively met.

We will seek to engage with our customers as early as possible to ensure purchase decisions are driven by commercial expertise and to understand and influence their future requirements.

We will seek customer feedback and will use the results to improve our performance.

We will develop a network of purchasers/groups within the faculties, experienced in specific commodities and services with whom we will work collaboratively to better understand both their requirements, and of how procured goods and services are used within UCL. They will assist in the analysis of expenditure in order to identify commodity priorities, develop appropriate and achievable commodity plans, and support Procurement Services in securing quality, value-for-money contracts which are fit for purpose and not over-specified.

We will categorise our supplier base according to risk and value, and will work closely with our key strategic suppliers by means of a proactive Supplier Relationship Management programme to

a) gain a shared understanding of how they can deliver increasing value to UCL, and how we can develop mutual cost reduction approaches
b) understand and manage strategic supply risks
c) discuss future requirements and help them prepare for contracting opportunities.
d) seek continuous improvements in value for money through joint improvement plans
e) Promote awareness of our sustainability objectives and incorporate sustainability within our tendering activities
We will ensure that all preferred suppliers have periodic supplier reviews and we will develop
the processes to ensure that suppliers and service providers meet the contracted
performance standards.

We will proactively follow an ongoing programme to reduce the number of suppliers by
securing good value, approved contracts and encouraging their use by staff.

We will, however, actively encourage new entrants to a ‘market’ where the potential to
secure better value makes the effort worthwhile.

4.3 Enhancement of Commercial Skills

UCL Procurement Services has 11 posts, of which currently six are professionally qualified.
The department is responsible for tendering and negotiating UCL-wide preferred supplier
agreements and ‘one-off’ purchases, usually over £100k, and for providing professional
procurement advice and training where necessary. Additionally, there are a number of UCL
staff embedded in departments (outside the central function) who are involved in low
value/risk procurement and contract management.

All staff involved in commercial activity, whether they occupy specialist or non-specialist
posts can undertake appropriate training and continuous development, provided if requested
by Procurement Services, and will be supported by a repository of user guidance and
training materials. This will ensure UCL is able to ‘grow its own’ commercial expertise. The
Efficiency and Effectiveness in Higher Education report from 2011 confirms using
appropriate procurement skills and expertise within universities can lead to significant
savings.

Objectives

1. Ensure sufficiently skilled, trained and competent resources are available within UCL
Procurement Services to meet the requirements of UCL.

2. Establish a flexible Procurement Services workforce, with a strong cross-team working
culture, that is utilised effectively to best support the agreed UCL priorities.

3. Release individual potential of Procurement Services staff.

4. Ensure that UCL staff with responsibility for procurement activities outside of Procurement
Services are appropriately supported in their work through easy to access information,
briefing and networking with UCL Procurement Services.

5. Increase professionalism and provide appropriate training so that managers of key
contracts and supplier relationships are equipped to deliver their roles and duties.

Statement of Action

We will encourage and support all Procurement Services staff to become members of the
Chartered Institute of Purchasing and Supply (CIPS); and for all Procurement Services staff
to undertake training where needed.

We will maintain an organisational structure which supports the implementation of category
and supplier relationship management, alongside business as usual activities (in line with
spend profiles); and recruit, train and retain competent procurement staff. We will encourage
cross skilling and post rotation in support of career development and to improve an
understanding of UCL. Staff will have clear job descriptions, personal objectives and development plans and will be formally appraised once annually.

We will establish a network of relationships across UCL, with those staff outside of Procurement Services responsible for procurement related activities, and we will deliver briefings, training and newsletters to equip those staff with the right skills and knowledge to deliver best value for money; and ensure they have access to professional assistance if needed.

We will establish guidance to promote good contract management. For significant contracts we will ensure that contract managers are aware of their duties and responsibilities under the contract and in ensuring ongoing delivery of value for money. We will work with contract managers to drive continuous improvement and resolve performance issues and disputes.

4.4 Embedding Sustainability into our Procurement Activities.

UCL's Procurement Strategy focusses on promoting the positive impact we can have through our procurement practice and processes. This will of course mean we will work to reduce the negative environmental and potential social impacts every organisation has in its supply chain. However, by taking a pro-active approach we are seeking to maximise the positive impact we can have through procurement.

The UCL 2034 institutional strategy identifies the need for a focus on sustainable procurement as a financial enabling objective. All procurement processes will be adapted to facilitate this.

Objectives

We have identified the following objectives. It is through meeting these objectives we will ensure the effective embedding of sustainability into this Procurement Strategy.

1. Build sustainability considerations (environmental, social, and economic) into our procurement processes and methodologies
2. Assess procurement initiatives and practices for sustainability risk and opportunity and prioritise action accordingly
3. Ensure contractual requirements embed sustainability into procurement objectives and maximise their contribution to further UCL policy objectives
4. Develop supplier awareness of sustainability in relation to procurement objectives, and encourage them to continuously increase their contribution to these objectives and report progress
5. Enable and support UCL staff to develop and apply their skills, knowledge and experience to implement these objectives

We will monitor our progress against these objectives through:

- Self-assessment and independent audit against compliance with the Responsible Procurement Code, a methodology that checks progress against the Flexible Framework sustainable procurement development plan
• Independent audit against the UCL EcoCampus Environmental Sustainability Management System which is being developed to secure compliance with the international standard ISO14001
• Include procurement processes and procedures within the scope of the UCL EcoCampus Environmental Sustainability Management System (ESMS)

Progress will be reported via the Procurement Services annual report and the UCL Environmental Sustainability annual report.

Statement of Action

Since the launch of the Sustainable Procurement National Action Plan: ‘Procuring the Future’ in 2006, sustainable procurement has been an increasingly important agenda for all organisations not only in terms of securing value for money but also reducing reputational risk and maximising the positive impact an institution can have through how it uses its resources.

The incorporation of sustainability into procurement at UCL means continuously thinking about the environmental, social (including equality) and economic opportunities and impacts of procurement related decisions, whilst taking a long term view in considering value rather than cost alone (i.e. whole-life costing). Therefore procurement will increasingly look at the total cost of ownership to the institution, rather than just the initial purchase cost.

Environmental Sustainability risks are identified and ranked as part of the development and continual improvement of the ESMS. These risks will be used to inform a prioritisation exercise which will be used to identify those elements of sustainability which need to be controlled through the procurement processes. These risks will be controlled through the development and application of appropriate tender clauses and key procurements will be assessed against implementation of these controls.

Engagement with our supply chain is a vital factor to ensure success. We will work with our key suppliers to ensure that they understand their role in the implementation of this strategy. In order to do this we will be looking to develop long-term relationships with them, moving towards shorter supply chains where possible.

We will also engage with our user-base as, ultimately, they will deliver this strategy through the goods and services that they purchase. We will offer information, training and support so that they are able to assess the elements of sustainability relevant to the goods and services they require and are able to make purchase choices which meet institutional policy requirements as well as individual needs.

4.5 Increased Collaboration

UCL currently collaborates through the H.E. Regional Consortia (SUPC/LUPC/etc.), UNIPROC (an informal collaboration between UCL, Imperial College London, the University of Manchester, the University of Cambridge and the University of Oxford.) UCL additionally uses some agreements let by the Crown Commercial Services and local government procurement organisations.

A best practice indicator has been proposed by the UUK Strategic Procurement Group of 25% of annual non pay spend to be conducted collaboratively. The “Diamond Report” suggests 30% as a long term target.
Objectives

1. Maximise the opportunity to direct non pay spend through collaborative agreements.

2. Foster strategic alliances with similar HE sector institutions and consortia to share on best practice where the benefit to UCL is worthwhile.

Statement of Action

We will review how we procure goods and services against approaches taken by other institutions to ensure we select the best value option.

We will collaborate with other bodies in the higher education sector, relevant consortia and government organisations to maximise market leverage and gain better value for money through cross-sector category strategies for common goods and services.

We will promote transition of UCL spend for common goods and services to existing collaborative deals where these provide best value for money, and contribute to the management and development of those deals.

We will support representation on national and regional committees and working parties where the benefit to UCL of fostering effective strategic alliances with other institutions is worthwhile.

4.6 Improving Procurement and Purchasing Processes & Systems

Objectives

1. Implement lean procurement and purchasing practices and processes, minimising the complexity, cost and time to complete.

2. Maximise use of appropriate e-procurement solutions.

3. Ensure tendering and contracting templates are comprehensive and simple to use, in support of department-led procurement activity.

4. Promote the use of Whole Life costing as a tender evaluation tool.

5. Ensure procurement policy is maintained and communicated (in compliance with UCLs Financial Regulations).

6. Deliver a suite of management information based on accurate spend data.

Statement of Action

We will maintain procurement and purchasing processes that are effective, easily accessible, which promote best value and manage compliance with UCL Financial Regulations. Steps will be taken to streamline processes and take cost and time out of our processes.

We will work to introduce and improve more efficient electronic solutions which eliminate waste, improve reporting and enhance compliance.
We will maintain an effective e-tendering solution to maximise tendering efficiency and our ability to produce and analyse tendering management information. We will seek to expand the use of e-tendering beyond Procurement Services where it is prudent to do so.

We will use other e-procurement tools such as e-auctions where this delivers best value. We will maximise use of the e-marketplace and e-catalogues across UCL to ensure easy access to preferred supplier agreements, and use this technology to display options to purchasers to help them make informed decisions about best value.

We will work with UCL Legal Services to ensure tendering and contracting templates are legally and commercially robust, and include simple guidance for users.

We will maintain and disseminate procurement advice and practical guidance to UCL staff involved in this activity through a high quality intranet presence.

We will utilise good quality management information to inform commercial decision making by UCL.
We will benchmark our prices and performance against other higher education institutions.