

LONDON'S GLOBAL UNIVERSITY



University College London

Procurement Services

Procurement Strategy 2016 - 2020

Version 1.6 November 2018

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Version Control

Date	Version	Change	Reason	Author	Authorised by
18/11/2015	1.0	n/a	New document	J Feraday	
23/11/2015	1.1	Incorporate sustainability into procurement strategy	Revised	J Feraday	
15/06/2016	1.2	Minor editing	Revised	T Overbury	
22/06/2016	1.3	Minor editing	Revised	J Feraday	
26/07/2016	1.4	Minor editing	Revised	P Harding	
13/09/2016	1.5	Incorporate Responsible Procurement	Revised	Alex Jones	
01/11/2018	1.6	Minor editing	Revised	J Feraday	

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. The Principal Themes and the Enabling Objectives identified in the UCL 2034 institutional strategy both shape and inform the priorities of the procurement function. In particular we have identified the role procurement will have in delivering global impact, financing our ambition, and delivering a Sustainable Estate.

UCL's long standing commitment to Environmental Sustainability and Environmental Management are also factored into our thinking and procurement processes will be adapted to support this.

To achieve the UCL 2034, we understand that 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. And delivering excellent and responsible procurement will allow us to deliver this successfully.

2. The Procurement Service

Our Mission Statement

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

The purpose of the UCL procurement function is to deliver excellent procurement, value for money and ensure it supports the strategic objective of the university as outlined earlier. To do this and deliver the Procurement Services Mission Statement we have identified an number of fundamental activities which we consider business as usual. The procurement function will:

- reduce the UCL administrative costs through continuous streamlining of the procurement processes;
- provide professional support to departments in all procurement related matters; to give specific guidance in certain product and service areas;
- use UCL's significant purchasing power to obtain best value for money;
- take a lead role on all UCL wide procurement initiatives;
- promote and foster collaborative procurement across the HE sector to deliver best value for money and better services;
- actively promote Whole Life Costing in the evaluation and award of tenders, frameworks and contracts;
- follow UCL Financial Regulations, and promote compliance with other procedures and legal requirements
- embed environmental, social and ethical considerations into our procurement processes as part of commitment to Responsible Procurement

3. 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
- Delivering Responsible Procurement
- Increasing collaboration
- Improving procurement and purchasing processes and systems

For each strategic aim we have developed a set of objectives and strategic actions which will contribute to the delivery of the objectives. We have chosen not to identify individual actions against specific objectives because many of these strategic actions may deliver against more than one objective and also more than one strategic aim.

4. 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 Whole Life Costs of 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.

Strategic Actions

- We will organise Procurement Services staff to specialise in specific categories of goods and services
- We will use category management as a best practice process in all our commodity areas utilising 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 and include periodic supplier review processes.
- We will promote and build innovation into our category strategies to deliver sustainable value, improve our procurement procedures to ensure suppliers help us gain advantage from new techniques and technological advances.

- 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 to support our commitment to delivering modern and effective procurement solutions; this will include supporting our commitment to Responsible Procurement and ensuring we comply with legislation such as the Modern Slavery Act 2015.

5. 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 relations and performance on sustainability to support our Responsible Procurement commitments.
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.

Strategic Actions

- We will 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 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 gather 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 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, however, actively encourage new entrants to a 'market' where the potential to secure better value makes the effort worthwhile.
- 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 Responsible Procurement objectives and incorporate sustainability within our tendering activities

6. 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. Ensure procurement professionals are equipped to deliver Responsible Procurement and respond to any new and future legislation impacting on the procurement function
6. Increase professionalism and provide appropriate training so that managers of key contracts and supplier relationships are equipped to deliver their roles and duties.

Strategic Actions

- 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 I-JCL. 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.
- We will support staff involved in purchasing activity to understand how Responsible Procurement is part of how we deliver excellent procurement for UCL

7. Delivering Responsible Procurement.

The importance of procuring sustainably has now gone beyond a nice to do and is now considered as part of core procurement practice.

UCLs Procurement Strategy focuses on promoting the positive impact we can have through our procurement practice and processes. Responsible Procurement is a process whereby we meet our needs for goods, services, works and utilities in a way that achieves value for money on a whole life cost basis process whilst embedding environmental, social and ethical considerations into the procurement process to ensure that we maximise our contribution to the global society.

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 can celebrate the role the procurement service and all those involved in procurement across UCL have in delivering UCL 2034.

Objectives

1. Build sustainability considerations (environmental, social and ethical) 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
6. Report on the positive contribution the procurement service makes to the environmental, social and ethical commitments of UCL

Strategic Actions

- We will ensure that our commitment to this, Responsible Procurement is embedded into all of our procurement practices, through the whole procurement cycle.
- We will also focus our Responsible Procurement commitment on not only reducing risk and any negative impacts purchasing might have but also maximising the positive impact an institution can have through how it uses its resources.
- We will increasingly look at the total cost of ownership to the institution, rather than just the initial purchase cost, taking a whole Life Cost approach.
- We will take a risk based approach to Responsible Procurement and embed this in category management.
- We will work with our key suppliers to ensure that they understand their role in the implementation of this strategy. We will also develop our broader supply bases understanding of sustainability as part of an on-going programme of supplier awareness raising and development.
- 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.
- We will monitor our progress on Responsible Procurement 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
- We will Include procurement processes and procedures within the scope of the UCL EcoCampus Environmental Sustainability Management System (ESMS) Independent audit against the UCL EcoCampus Environmental Sustainability Management System which is being developed to secure compliance with the international standard ISO14001

8 Increased Collaboration

UCL currently collaborates through the HE Regional Consortia (SUPC/LUPC/etc.), UNIPROC (an informal collaboration between UCL, the University of Manchester, and the University of Cambridge.) 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.

Strategic Actions

- 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.

9 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 expand the use of e-tendering beyond Procurement Services where it is prudent to do so.

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

10 Governance and Review

This strategy will be refreshed on an annual basis and updated accordingly. Progress against this strategy will also be reported on annually.