Procurement Strategy
2017-20
Who we are

We are a leading university committed to international excellence, world-changing research and high quality and inspirational teaching. We are committed to widening participation in higher education and engaging with local, national and international communities.

Our Strategic Plan

Our Strategic Plan declares that, “We are long established yet focussed on a future that will see us pioneering a distinctive elite of research-intensive institutions”. It includes two indicators of success, towards which the way we procure will play a huge part:

- “Our financial position allows us to invest in our staff and our environment in ways that put us at the forefront of UK universities”
- “Our University is known for taking social responsibility seriously and making a significant contribution to our local and regional communities and partners”

Ensuring that we gain value for money (including relevant social benefits/risk mitigations¹), when procuring goods, services and works is critical to establishing and maintaining a strong financial position, and helps demonstrate our social conscience. This is the mission of our Procurement Team.

In order to meet the Strategic Plan’s commitments to be “digital by default” and “provide a welcoming, high-quality campus”, we will have to successfully undertake a number of major procurement projects.

What we procure

Being a large university with a global reach and a commitment to both research and teaching, across a wide range of disciplines, means we procure many and varied goods, services and works (with a total value of approx. £100m p.a.). This is illustrated by the pie chart below.

We also have an Estates Master Plan with a value of £460m.

¹ Social benefits/risk mitigations also includes environmental and economic benefits/risk mitigations.
Our procurement successes

Our previous midterm Procurement Strategy involved us moving to a category management approach, establishing new clear and proportionate procurement policies and procedures, as well as meaningful management information showing levels of performance and compliance. We also embedded the University’s first P2P system (‘Smarter Purchasing’), changed to a more intuitive e-Tendering system, and begun using Mercato’s KnowledgeBus tool to check IT product prices against real-time wholesale prices.

We have made great strides in improving our sustainability credentials, including becoming founding members of ElectronicsWatch (which monitors adherence to workers’ rights legislation throughout IT hardware supply chains), and purchasing NetPositive’s Supplier Engagement Tool, which our suppliers can use for free to gain a bespoke sustainability action plan.

The profile and influence of our procurement function has increased substantially over the last three years, both internally and externally. This is the result of a rolling in-house procurement and contract management training programme for staff and regular performance and compliance reporting to the University’s leadership. Externally, we now frequently present how we procure at local business fora, and ran our first Key Supplier Event in 2016.

Our Director of Finance is the Chair of the Higher Education Procurement Association (HEPA) and a Board Director of the North Eastern Universities Purchasing Consortium (NEUPC), whilst our Director of Procurement is a member of the sector’s Procurement UK group and the NEUPC’s Procurement Strategy Group. He also became the Head of Procurement for Loughborough University in 2016, facilitating the identification of collaborative contracting opportunities between Leicester and Loughborough. Our Category Managers chair a number of the NEUPC’s Category Groups.

The sector’s Procurement Maturity Assessment (PMA) auditor has acknowledged these improvements when assessing our procurement function over the period of the previous midterm Procurement Strategy. We have moved from the lowest of the four maturity grades to the third grade between October 2013 and April 2017; with year on year savings rising to over 7%, as shown on the graph below. Our corresponding PMA ranking has increased from 50th to 7th out of the large HE sector institutions.

Maturity Curve

Assessment Year 2013/14  Assessment Year 2014/15  Assessment Year 2016/17
We were a finalist for ‘Procurement Team of the Year’ at the Times Higher Education Leadership & Management Awards (THELMAs) in 2016 and in the same category at the Government Opportunities Awards in 2017.

Who we will be

The aim over the next three years is for our procurement function to build on these strong foundations and become one of the most effective in the HE sector; graded Superior by the PMA auditor.

Our commitments

To reach this level:

1. Procurement will become engrained within the University’s planning processes
2. Fully worked up category strategies will cover 100% of our procurement spend
3. We will make optimum use of e-Procurement technology
4. Our sector leading procurement policies and procedures will continue to reflect the latest legislation and best practice, whilst staying clear and proportionate

Our priorities

To meet our commitments we will:

**University Planning**

a. Build procurement into our planning processes; for example, highlighting the value that Category Managers can add (such as providing market intelligence) and making them a necessary gateway
b. Strengthen the working relationship between Category Managers and Finance colleagues (including the Financial Reporting Team) to ensure early sight of upcoming procurement exercises, establish regular reports covering ‘off-contract’ spend and spend against budget, and confirm whether ‘secured’ savings have been ‘realised’

**Category Management**

c. Continue to develop and implement category strategies; not least establishing a Minor Works framework agreement and participating in the tendering exercises to establish sector-wide Life Sciences framework agreements
d. Establish a standard set of non-functional requirements for use when purchasing IT systems, including the option to vary the MOSCOW profile of the requirements (i.e. the Must have, Should have, Could have, and Won't have)
e. Increase the level of collaboration with Loughborough University in order to benefit from procurement economies and synergies, wherever possible
f. Manage the relationship with our key suppliers more closely, regularly involving Category Managers in colleagues’ contract review meetings, monitoring
supplier performance against KPIs, and gaining supplier feedback on University performance

g. Develop and launch a second generation of in-house procurement and contract management training for non-procurement staff, that is category-specific

h. Roll-out our new e-Tendering system beyond the Procurement Team and Estates & Campus Services Division, to help embed the University’s procurement policies, procedures and best practice

i. Explore the wider functionality within our new e-Tendering system, including the contract and supplier management modules (supporting f. above), and roll-out where of value

j. Complete the roll-out of the University’s P2P system (‘Smarter Purchasing’)  
k. Take a leading role in developing an e-Marketplace fit for the HE sector’s requirements

l. Ensure that our procurement policies and procedures take full account of the General Data Protection Regulations

m. Dovetail our cloud services risk assessment and procurement procedures

n. Implement a ‘No Purchase Order, No Pay’ Policy

o. Undertake comprehensive whole life costing where this can deliver great value as part of a tendering exercise

p. Undertake detailed supply chain mapping/risk assessments for the sub-categories identified as high risk in terms of modern slavery, and establish appropriate procurement checks and contractual mitigations.  

q. Establish and maintain a published pipeline of upcoming tendering exercises (to be signposted at local business fora)

r. Continue to run Key Supplier Events ever two years, incorporating supplier awards, including a sustainability category

s. Quickly respond to applicable BREXIT legislation, ensuring that our procurement policies and procedures remain clear, proportionate and up-to-date

Following the April 2017 PMA, our Director of Procurement and auditor co-produced a more detailed action plan aligned to this strategy.

Our measures of success

A PMA audit will determine whether we have realised our aim of being graded Superior in terms of procurement maturity by 2020.

2 ‘Modern slavery’ includes slavery, servitude, forced and compulsory labour and human trafficking
In the meantime, our Director of Procurement will regularly report against the following measures to the University’s Finance Committee:

- **Procurement savings as a % of influence-able non-pay spend**
- **Collaborative procurement spend as a % of influence-able non-pay spend**
- **No. of contracts where collaborating with Loughborough University**

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<tr>
<th>Targets</th>
<th>5%</th>
<th>30%</th>
<th>10</th>
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...Supporting the University’s indicator of success whereby, “Our financial position allows us to invest in our staff and our environment in ways that put us at the forefront of UK universities”

- **Regional SME suppliers as a % of all University suppliers**
- **No. of contracts including Social Clauses (incl. internship/placement clauses)**
- **University suppliers’ awareness of, and response to, modern slavery, as indicated through the NetPositive Supplier Engagement Tool**

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<tr>
<th>Targets</th>
<th>20%</th>
<th>50</th>
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