

Executive Summary

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University Procurement Strategy 2016-2019

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It is increasingly important that the University ensures we achieve value for money from the circa. £100m annual supplier expenditure and identifies the full potential of procurement as a key vehicle for supporting the delivery of financial sustainability. The Strategy sets out how it is proposed that procurement will increase its contribution and support the achievement of University objectives over the next three years through the:

- Improvement of governance and compliance arrangements;
- Investing in technology to better capture committed and contracted spend;
- Increased development of colleagues procurement and contract management capabilities;
- Embedding a Category Management approach with greater focus on proactive planning, researching markets, demand management, sustainability, lifecycle cost management and improved supplier and contract management;
- Development of a more commercially focused value for money (VfM) culture;
- Investment in procurement team resources and resourcing key projects to deliver a significant financial return to the University.

The Strategy sets out ambition, goals and key principles, which will guide and inform procurement policies, to ensure the procurement resource delivers first class value for money services to the University.

Having a University Procurement Strategy will guide the University's procurement plans, policies and processes for the years 2016 – 2019. This will ensure that the procurement processes are robust and effective and the Return On (procurement resource) Investment is significant.

1. Introduction

- 1.1 We spend approximately £100 million each year externally on procuring goods, works and services. Procurement decisions are second only to staffing decisions in terms of financial cost impacts. We operate in a challenging environment. It is increasingly important that we carefully consider how our money is spent, that procurement is efficient, cost- effective and ensures we achieve the best possible value from all procurements. To achieve this the procurement function must be adequately resourced and involved at the earliest needs analysis stages in key procurement related decisions.

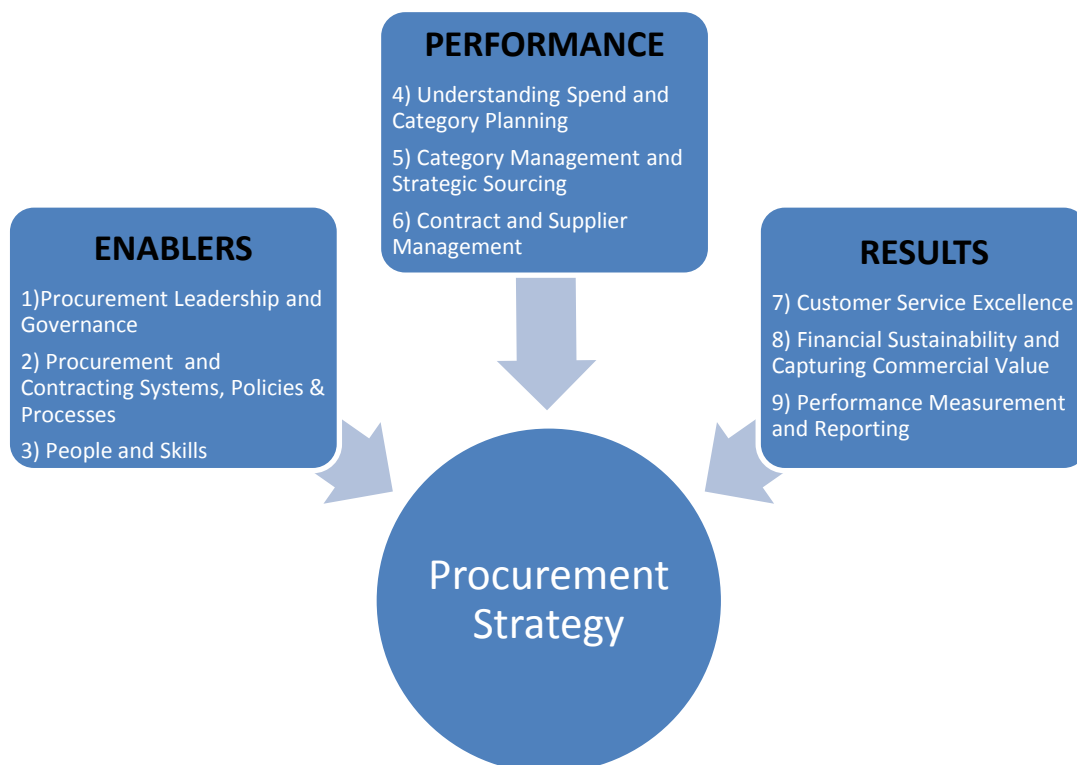
2. Overview of the University Procurement Strategy

2.1 Procurement Vision and Mission:

Vision statement: *“Best in Class procurement is embedded as a University capability, realising significant value, underpinning financial sustainability and supporting the University to achieve its strategic goals”.*

Mission statement: *To be a proactive procurement team that excels across all the enabling and performing procurement activities, thereby delivering excellent customer service, significant value add, innovation and efficient operations. All University procurement activities will follow policy and good procurement practice, consider risks, promote sustainable procurement, be customer friendly, optimise value and be completely aligned with the university’s strategic aims.*

The Procurement Strategic goal is to move procurement at Surrey into the Southern Universities Purchasing Consortium’s PMA (Procurement Maturity Assessment) Level 4 “Superior” (from the current “Planned” Level 3), or best in sector, performance classification and support doubling the savings contribution. Ultimately the intention is to create best in class capabilities and be on a par with the top performing public and private procurement organisations.



3. Procurement Strategy Themes

3.1 The following, is a summary of the major features of the new Procurement Strategy:

- i. **Governance and Leadership** – Review of Procurement related Policies, Public Contracts Regulations compliance levels, and the devolved procurement model to ensure maximum VfM and risk management. Leading role in VfM initiatives to drive value projects, culture change and reporting, and early involvement of procurement in key purchase commitment decisions.
- ii. **Procurement and Contracting Systems and Processes** – Review of the systems required to better capture, understand and manage external spends including Spend Analytics and Contracts Management software. Review and develop with Legal, a suite of additional contracting templates to improve contracting efficiency and contract risk.
- iii. **People and Skills** – Enhance the procurement skills and capabilities of both Procurement staff and University colleagues who regularly procure, through greater skills need assessment, education, awareness, access to procurement tools and training.
- iv. **Category Management approach** – a shift to investing more resources into the pre and post contracting phases resulting in improved VfM specs and requirements, sustainable procurement and better contract management. Enhancing the traditional sourcing and tendering processes through new processes and tools that deliver better data, market intelligence, optimized collaborative spend through Framework agreements, risk management, value (and not price) focus, optimum procurement routes to market and contracting rigor. This approach should aid in delivering superior financial and contract performance results and will support doubling the procurement related annual savings contribution within 3 years.
- v. **Customer Service** – The new procurement team will be organized around specific category groups, and, every major Faculty and Department will have a “go to” procurement point of contact to help drive improved understanding of customers’ needs, getting the working relationship right, and enhanced service levels. Our approach will be less structured and more flexible and creative in our solutions. Communication channels will be revamped including the intranet procurement related sites and the formation of key customer groups on a commodity and / or cross departmental basis. Regular feedback surveys will be conducted.
- vi. **Performance Measurement** - We will be able to monitor the success of the Strategy via a number of measures including the development of an annual Procurement Plan that will detail how the Strategic Goals are being managed. These goals will be part of the Procurement Teams Personal Goals and Objectives.

KPI	Description	February 2016	July 2017	July 2019
(1) % spend impacted by Procurement	The % of Supplier impactable spend that is influenced by Procurement	37% estimated	50%	90%
(2) Annualised Savings / Value as % of potential impacted spend in year	Cost reduction savings on total agreed spend that can be impacted by Procurement. Example: £50m impactable spend. 3.2% annualised saving = £1.6m. On a typical 3 year contractual period, the annual impacted spend is £50m/3 years =£16.66m addressed p.a. Consequently the actual % savings / value is £1.6m/£16.66m = * 9.6%	3.2%*	3.5%	5%
(3) Increase Collaborative Procurement	% in scope non pay spend (impacted and not impacted to date) channelled through collaborative procurement frameworks	11%	11%	15%
(4) Optimise Cost of Procurement Team	% total cost of Procurement Team as a % of impacted spend (based on achieving KPI 1, 75% impacted spend)	0.9%	0.9%	0.9%
(5) Optimise Professionally Qualified Staff and drive staff development	% Staff Professionally Qualified or actively studying to qualify, and drive staff development in competencies and skills that will support the Procurement Strategy	75%	80%	80%
(6) Increase % Purchase Orders through e marketplace	Optimise the number of PO's through e-market place to drive purchase to pay efficiencies and e invoicing.	25%	30%	35%
(7) Contracts Register captures key contracts	Policy and contract value types and levels to be developed. Objective is to capture all key contracts on a database.	N/A	N/A	90%
(8) Improve Supplier and Contracts Management	Identify which Supplier / Contract types need more robust management to drive performance and set SRM goals	N/A	N/A	TBC

(9) Increase the number of Category Strategies, including Sustainable Procurement considerations	Spend control and management and driving greater value for money will increase where major spend areas have clear strategies / category plans that have stakeholder buy in.	N/A	N/A	TBC
(10) Procurement Customer Excellence	Develop customer (and supplier) feedback processes to baseline and improve performance / customer satisfaction	N/A	TBC	TBC