

# Higher Education Purchasing Consortium, Wales



Annual Report  
2015

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# Chairman's Report and Executive Summary



In challenging times, the pressures facing the Higher Education (HE) Sector in Wales are numerous and diverse. Competition within the sector is intense and institutions are responding to the challenges to deliver the highest standards in teaching, research and student experience.

In striving to meet these challenges it is essential that institutions achieve value for money. In this regard procurement functions play a vital role. Both within the HE Sector and at an All-Wales level, there is an acknowledgement that a collaborative approach to procurement can deliver cost effective solutions for goods and services where synergies exist.

The Higher Education Purchasing Consortium, Wales (HEPCW) is ideally placed to support its members in addressing the challenges faced. Key achievements for 2014/15 include:

Fig. 1

- 25 new collaborative agreements awarded [5 of which are managed by the National Procurement Service (NPS)]
- Access to 120 HE Sector collaborative agreements
- £79.3M placed through collaborative agreements (33.0% of total impactable spend)
- £73.9M placed through HE Sector managed collaborative agreements
- Savings of £7.3M achieved through the use of HE National and Inter-Regional Agreements
- £77.7M placed with Welsh suppliers (23.5% of total influenceable spend)
- Providing an interface with Welsh Government/Value Wales in respect of the adoption of Welsh Government Procurement Policies
- All institutions have participated in the Procurement Fitness Health Check programme delivered by Value Wales
- Purchasing card expenditure increased by 15.7% over 2013/14 levels
- Full engagement with HE Sector colleagues, National Procurement Service (Wales) and other stakeholders to ensure sharing of information and best practice
- Successful supplier exhibitions held in Cardiff University and Swansea University

Procurement maintains a high profile in Wales and has garnered significant political interest in terms of its influence and ability to deliver key policy objectives. In December 2012, the Minister for Government Business and Finance launched the Wales Procurement Policy Statement, announcing 9 key themes which underpin the objective of delivering value for money through public procurement in Wales. These themes will be addressed throughout this report, and examples provided to demonstrate how HEPCW is supporting the members in the achievement of the policy statements. In addition HEPCW continues to engage with the UK Universities Purchasing Consortia on those initiatives which are aligned more closely to sector requirements and objectives.

In 2014/15, all of the HE institutions in Wales participated in the Procurement Fitness Check (PFC) programme managed by Value Wales. The results of this exercise indicate that there are areas that can be improved, and in 2015/16, institutions will be developing action plans to address the recommendations of this review. HEPCW will be considering its own objectives to ensure that its activities are aligned with those of its members, to assist in the delivery of the recommendations.

My thanks are extended to all of the stakeholders without whose support and participation the consortium could not succeed.

**Mike Davies**

**HEPCW Chair**

# Procurement Manager's Report

## Introduction

*HEPCW's constitution defines its mission as "Supporting Higher Education Institutions in Wales in achieving value for money for stakeholders through the adoption of a strategic approach to collaborative procurement".*

In pursuance of this, HEPCW provides full support to 9 HE institutions and limited services to 3 Further Education (FE) colleges within Wales and HPC Wales.

Benefiting from mature, effective networks within the HE sector and Welsh public sector, HEPCW is well placed to support its members in the delivery of institutional objectives. Operationally, it represents sectoral views on strategic groups at an All-Wales Level and regional views within the HE Sector Nationally. These services are delivered through a core team of 2 full-time personnel, supported by resources from the member institutions. This structure enables HEPCW to be agile and responsive, and align its objectives with those of its members.

This section explores the overarching framework in which HEPCW operates, and highlights the key achievements in respect of the Wales Procurement Policy Statement 2012 and the HE Sector collaborative procurement agenda. In addition the report provides key data in respect of expenditure analysis, levels of collaborative procurement and savings achieved through the adoption of collaborative procurement arrangements.

HEPCW membership during the review period was:

Fig.2

### Full Members

- Aberystwyth University (AU)
- Cardiff University (CU)
- Cardiff Metropolitan University (Cardiff Met)
- Swansea University (SU)
- University of South Wales (USW)
- University of Wales Trinity St David (UWTSD)
- University of Wales, Registry (UW)

### Associate Members

- Bangor University
- Coleg Gwent
- Coleg Sir Gâr
- Glyndŵr University
- Gower College Swansea
- HPC Wales

# Wales Procurement Policy Statement (2012)

*In December 2012, the Minister for Government Business and Finance launched the Wales Procurement Policy Statement (WPPS), announcing 9 key themes which would underpin the objective of delivering value for money through public procurement in Wales. This is used as the key reference point for this report.*

In June 2015, a revised Policy Statement was launched, building on the success of its predecessor and identifying key activities for delivering best value for money and increased economic and social benefit through effective procurement. The new policy statement will be a key influencing factor upon the development of HEPCW's annual activity plans – which will see the consortium focus its efforts on providing services that support the members in achieving compliance with the policy statement.

On a number of the policy statements, HEPCW has adopted and applies the principles where appropriate. These include:

- completing Sustainability Risk Assessments for any procurement exercises undertaken
- consider the use of community benefits clauses in agreements where appropriate
- advertising opportunities on Sell2Wales
- maintaining and publicising a contracting timetable
- simplifying tendering processes
- developing lotting strategies which enable locally based and/or SMEs to submit bids where appropriate
- undertaking supplier engagement, including feedback and contract review meetings.

Fig. 3

As an example demonstrating the above commitment, in 2014/15 HEPCW conducted a collaborative procurement exercise in respect of a framework agreement for Audio Visual Equipment and Services. Adopting a cross functional and inter regional approach with 2 other UK Universities Purchasing Consortia, the tender was advertised via Sell2Wales and the agreement has been awarded on a regional basis. This approach enabled smaller and locally based suppliers to bid for the framework agreement. Of the 14 suppliers awarded a place on the framework agreement, 12 are SMEs and 3 are Welsh based. Encouragingly 2 of the Welsh based suppliers were successful on one Lot where the customer base is across all 3 participating consortia. As part of the ongoing contract management efforts will be made to identify opportunities for community benefits and regular review meetings will be conducted with each supplier.

In June 2015, HEPCW was invited on behalf of the HE Sector to present evidence to the National Assembly for Wales' Business and Enterprise Committee to support the Inquiry into influencing the modernisation of European procurement policy. This provided an opportunity for the sector to

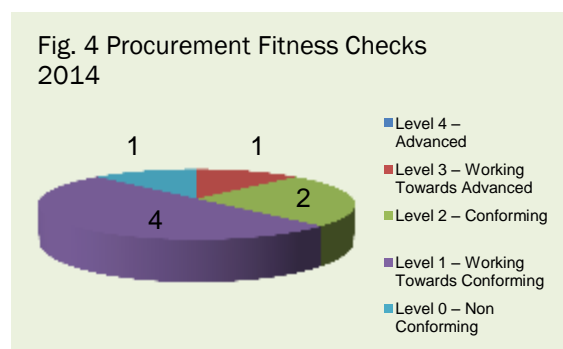
offer a view on the impact of the European procurement policy and demonstrate its achievements particularly in respect of the delivery of community benefits via a number of major construction projects. A transcript of the meeting can be found at <http://www.senedd.assembly.wales/ieListDocuments.aspx?CId=228&MID=2993>

## Procurement Fitness Checks

*Principle 1 of the WPPS 2012 states “Procurement should be recognised and managed as a strategic corporate function that organises and understands expenditure; influencing early planning and service design and involved in decision making to support delivery of overarching objectives”. To achieve this, Welsh Government will “set out a ‘maturity model’, against which development of procurement can be measured across the Welsh public sector” and “Facilitate a Procurement Fitness Check Programme, to include a self-assessment model for eligible organisations”.*

The maturity model identifies 4 levels and the Minister’s wish is that as a minimum, all public sector bodies in Wales should achieve Level 2 – Conforming status.

In 2014/15, 8 Welsh HEIs participated in the Procurement Fitness Check Programme and the outcome of the reviews are summarised in Fig. 4



## Collaborative Procurement

*Principle 7 of the WPPS 2012 states “Areas of common expenditure should be addressed collectively using standardised approaches and specifications to reduce duplication, to get the best response from the market, to embed best practice; and to share resources and expertise.”*

Collaborative Procurement underpins the work of the consortium and the HE sector has embraced the philosophy that efficiencies can be achieved through a collaborative approach for the procurement of common and repetitive commodities. A number of opportunities for collaboration are available, but the most common approaches utilised by HEPCW members are:

- Collaboration within the HE Sector
- Collaboration on an All Wales basis
- Collaboration on a UK basis

Fig. 5 provides an overview of expenditure placed through collaborative procurement arrangements in the period under review.

Unsurprisingly, due to the nature of the commodities purchased, there is a degree of

Type	Expenditure
HE Sector	£73.9M
All Wales	£2.1M
Other	£3.3M
<b>Total</b>	<b>£79.3M</b>

duplication of arrangements available on a HE Sector level and an All-Wales basis. It is acknowledged that for some commodities a HE Sector approach delivers better value than an All-Wales approach and the reverse also applies. A range of factors must be considered to determine which approach is the more suitable and HEPCW's role is to ensure that member institutions are fully informed to support key decision making.

## i) HE Sector Collaboration

HEPCW works effectively alongside its counterpart UK Universities Purchasing Consortia (UKUPC) and national groups, with which it enjoys progressive and successful relationships. The joint contracting programme provides a comprehensive and mature collaborative portfolio, and includes commodities that are not within the remit of the NPS. The UKUPC consists of:

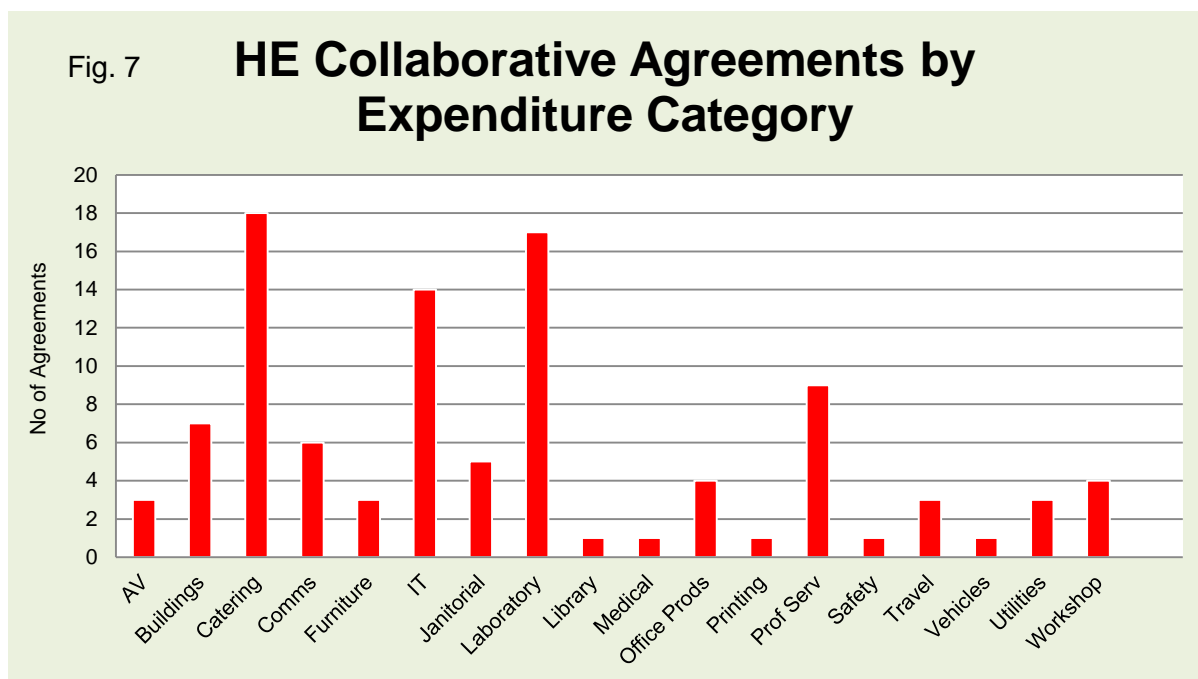
Fig. 6

- *Advanced Procurement for Universities and Colleges (APUC)*
- *HEPCW*
- *London Universities Purchasing Consortium (LUPC)*
- *North Eastern Universities Purchasing Consortium (NEUPC)*
- *North Western Universities Purchasing Consortium (NWUPC)*
- *Southern Universities Purchasing Consortium (SUPC)*
- *The Energy Consortium (TEC)*
- *The University Catering Officers (TUCO)*

Operationally, HEPCW manages a number of HE Sector National, inter-regional and consortium framework agreements and represents its members on a number of collaborative procurement arrangements, National Working Parties (NWP) and tender working groups. In order to maintain effective sectoral engagement it is important that HEPCW contributes to the national HE Sector collaborative programme.

During the review period there were 101 collaborative agreements managed by the UKUPC that were available to HEPCW members. The breakdown of agreements by category is provided below.



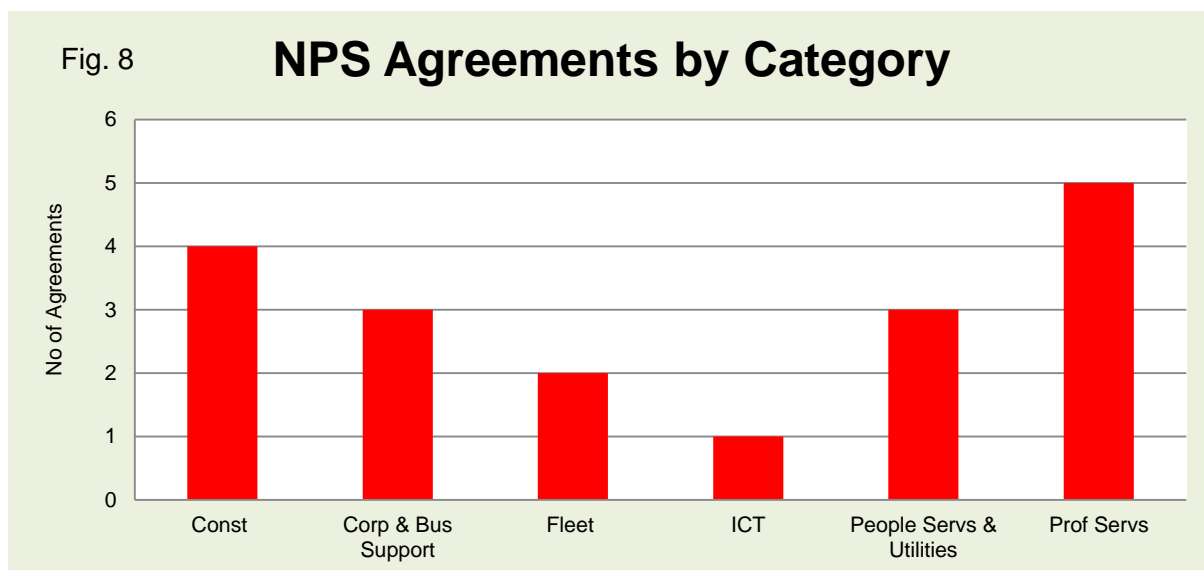


## ii) All-Wales Collaborative Procurement

Since November 2013, the National Procurement Service (NPS) Wales has managed a collaborative procurement programme for common and repetitive commodities. Agreements let and managed by the NPS are available to all organisations in Wales that have signed up to be part of NPS. All such agreements address the requirements of the WPPS.

The HE Sector, via HEPCW, has representation on the NPS Board and Delivery Group, the latter of which oversees the delivery of the NPS Contracting Plan. In addition, HEPCW acts a key point of contact for the NPS Category Forums, and where appropriate will represent sectoral views on specific procurement opportunities.

During the review period, 18 agreements were managed by NPS, distributed across expenditure categories as defined in Fig. 8 below. Of these, 4 agreements were either not available to the HE Sector and/or outside the scope of HE Sector activity. In the period under review, NPS awarded 8 new collaborative framework agreements. (Source: Sell2Wales)



(Source: NPS)

Details of expenditure placed and savings achieved through the use of NPS managed arrangements are provided elsewhere in this report.

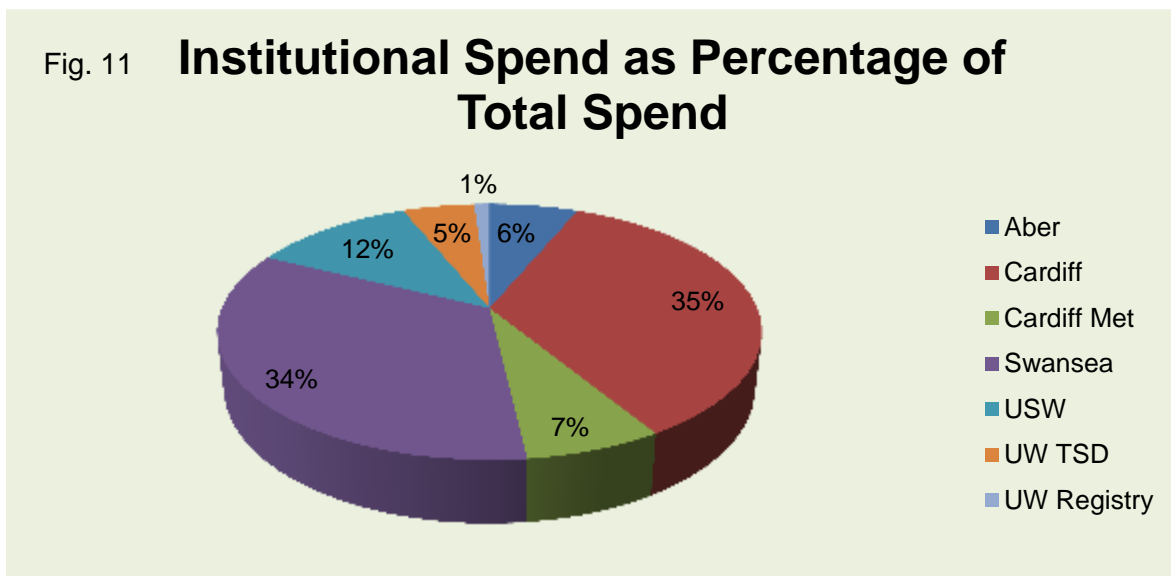
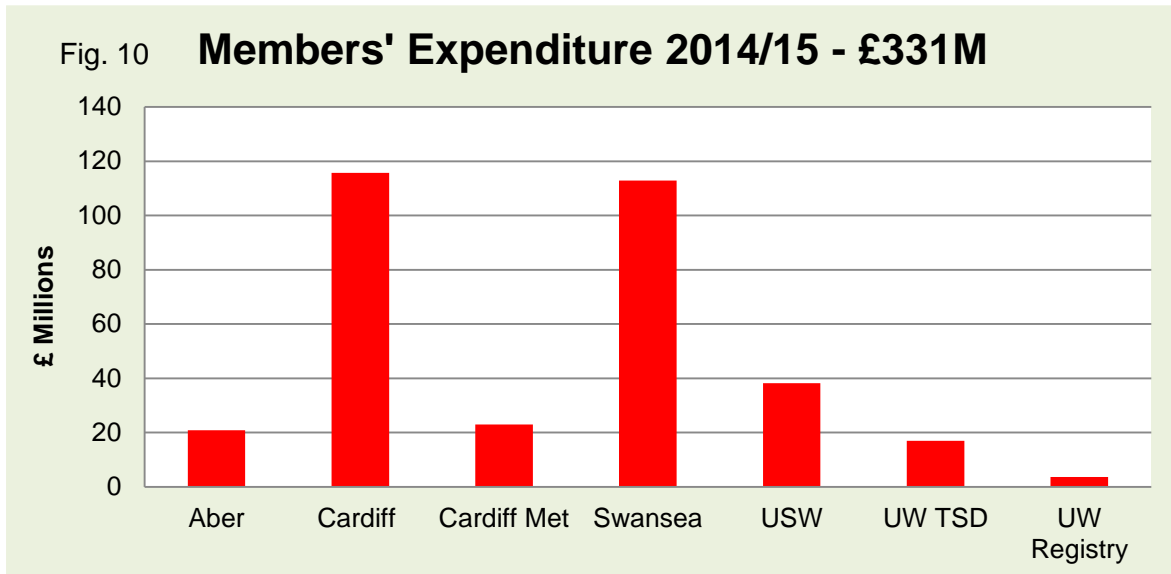
## Expenditure Review

### Overview

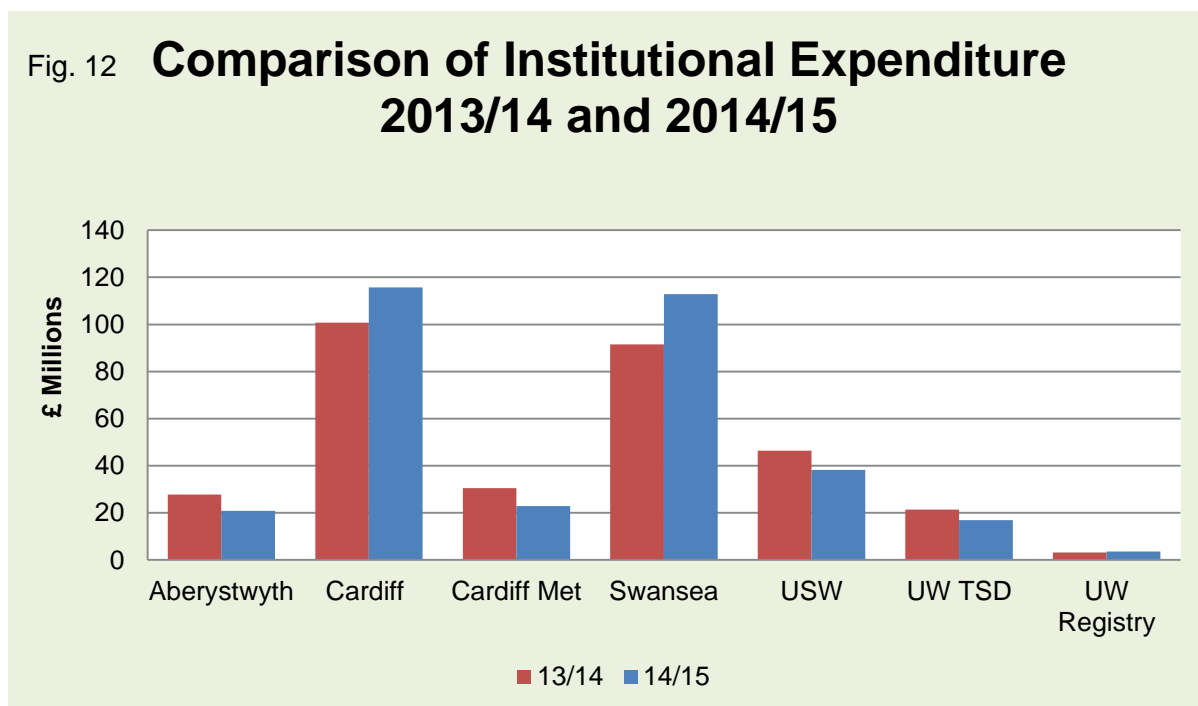
Full members' influenceable expenditure (where spend with a supplier exceeded £2k) in 2014/15 was £331.1M. This represents an increase of 3.1% above the previous year's expenditure. Fig. 9 provides a high level view of key expenditure data.



A breakdown of total expenditure by institution is provided below. The data is expressed by both actual spend per institution and as a percentage of members' total expenditure.



A comparison of members' expenditure for 2013/14 and 2014/15 is provided below.



The majority of institutions have seen a slight reduction in expenditure compared with the previous year. It is worth highlighting however that Swansea University has reported a significant increase in expenditure which is largely attributable to the construction of the new Swansea Bay campus, which was completed in time for the 2015/16 academic year.

## Spend Analysis

For the purposes of this report all expenditure for any supplier which exceeds £10k has been analysed. This figure is £315.8m (95.1% of total expenditure) and is an increase of £29.2M (10.2%) on the previous year.

A breakdown of expenditure by category is provided in Fig. 13 below. For comparison purposes, details for 2013/14 and 2014/15 are provided.

Fig. 13

Category	2013/14		2014/15	
	Actual (£M)	% of Total Spend	Actual (£M)	% of Total Spend
Audio Visual	5.9	2.1	6.5	2.1
Library Books & Publications	9.6	3.4	10.8	3.4
Catering (Equipment & Supplies)	6.4	2.2	9.0	2.8
Medical	2.2	0.8	9.5	3.0
Agriculture/Marine	1.6	0.6	1.4	0.4
Furniture & Furnishings	7.4	2.6	6.4	2.0
Janitorial	2.1	0.7	3.0	0.9
Utilities (Gas etc)	16.8	5.9	15.5	4.9
IT (Hardware, Software & Network)	22.4	7.8	28.0	8.9
Laboratory (Equipment & Supplies)	32.2	11.3	31.4	10.0
Workshop	3.1	1.1	5.3	1.7
Printing	2.7	0.9	3.5	1.1
Postal & Telecomms	4.4	1.5	4.0	1.3
Professional Services	27.1	9.5	40.0	12.7
Stationery and Paper	3.8	1.3	3.6	1.1
Travel (inc Hotels)	10.3	3.6	14.5	4.6
Security	3.3	1.2	1.8	0.6
Vehicles	0.4	0.1	0.5	0.2
Estates (Construction, Minor Works, Supplies and Safety)	122.0	42.7	119.3	37.7
Miscellaneous	2.1	0.7	1.8	0.6
<b>Total</b>	<b>285.8</b>	<b>100.0</b>	<b>315.8</b>	<b>100.0</b>

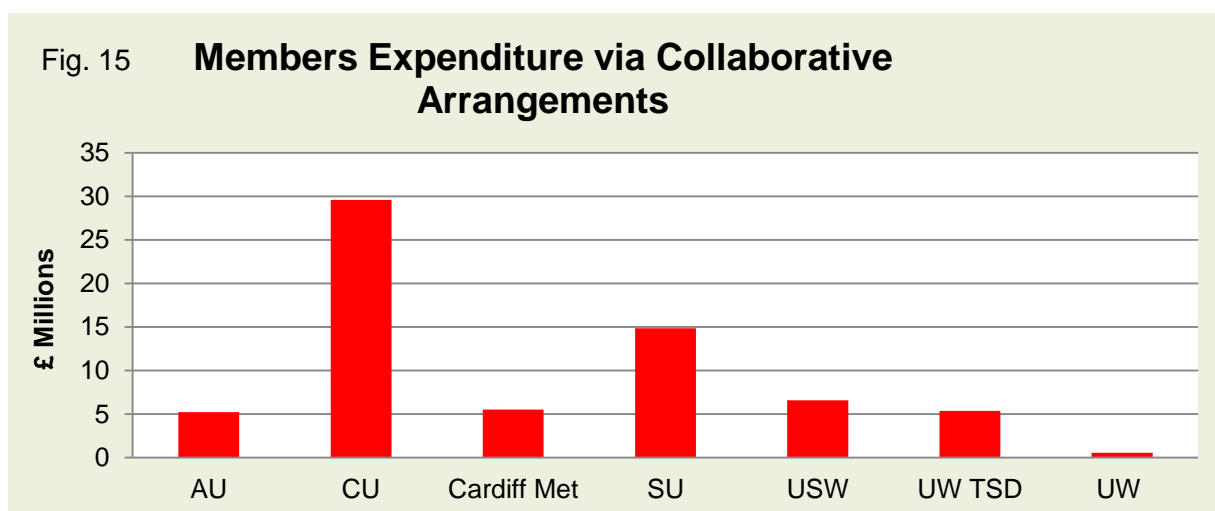
Fig. 14 below provides further information regarding expenditure placed through HE Sector managed collaborative arrangements in 2014/15. It also indicates the level of expenditure placed with Welsh based suppliers for each category. It is pleasing to report that both collaborative and Welsh supplier expenditure levels have increased in value compared with 2013/14 figures.

Fig.14

Category	2014/15			
	Actual (£M)	No of Collaborative Agreements	Spend via HE Collaborative Agreements (£M)	Spend with Welsh Suppliers (£M)
Audio Visual	6.5	3	3.5	2.1
Library Books & Publications	10.8	1	4.3	0.5
Catering (Equipment & Supplies)	9.0	18	4.2	4.3
Clothing	-	1		
Medical	9.5	1	1.8	0.5
Agriculture/Marine	1.4	-		1.0
Furniture & Furnishings	6.4	3	3.3	4.1
Janitorial	3.0	5	0.9	1.7
Utilities (Gas etc)	15.5	3	7.8	0.2
IT (Hardware, Software & Network)	28.0	14	14.5	1.0
Laboratory (Equipment & Supplies)	31.4	17	13.0	2.8
Workshop	5.3	4	0.8	3.6
Printing	3.5	-	-	2.0
Postal & Telecomms	4.0	6	2.9	0.1
Professional Services	40.0	9	8.2	11.4
Stationery and Paper	3.6	4	3.0	0.1
Travel (inc Hotels)	14.5	3	5.5	4.3
Security	1.8	1	0.1	1.0
Vehicles	0.5	1	-	0.4
Estates (Construction, Minor Works, Supplies and Safety)	119.3	7	0.1	36.1
Miscellaneous	1.8	-	-	0.5
<b>Total</b>	<b>315.8</b>	<b>101</b>	<b>73.9</b>	<b>77.7</b>

£79.3M was placed through **all** collaborative arrangements during the review period. Expenditure through HE Sector managed arrangements was £73.9M.

Fig. 15 below provides details of institutional expenditure via collaborative arrangements.



The Diamond Report 2010 set a target of 30% of impactable expenditure to be placed through collaborative arrangements by 2016. Although the target applied to the HE Sector in England, HEPCW has supported this initiative and has reported performance in its annual reports since 2012. For reporting purposes, the baseline figure used to determine impactable spend is effectively the total influenceable spend figure minus capital projects. Based on this interpretation, capital projects accounted for £90.5M leaving an impactable spend total of £240.6M. Total collaborative spend represented 33.0% of impactable spend.

## Purchasing Cards

All HEPCW members have adopted the use of purchasing cards as a means of managing low value spend. This aligns with the WPPS objective to simplify standard processes – *“procurement processes should be open and transparent and based on standard approaches and use of common systems that appropriately minimise complexity, cost, timescales and requirements for suppliers.”*

The majority of institutions have adopted the Welsh Purchasing Card (WPC) (provided through the VW e-Procurement Service programme) and it is hoped that during 2015/16, all of the members will be participating in the programme. Expenditure in 2014/15 via the WPC was £16.4M, representing an increase of 15.7% on the 2013/14 performance statistics. Efficiency savings achieved by institutions through the use of the purchasing card will be reported in March 2016 as part of the annual efficiencies savings report process. The new Value Wales e-procurement benefits calculator will be used to identify the respective efficiencies.

## Savings

The savings achieved by members through the use of national and inter-regional collaborative contracting arrangements can be found in Fig.17 below. All of the savings have been calculated in accordance with the national HE Sector agreed savings methodology. The use of these agreements delivered overall savings of £7.3M (11.2% of expenditure placed through HE

managed collaborative agreements) in 2014/15. This does not include savings achieved through the use of non HE Sector collaborative agreements where savings figures are not available. In addition any savings made through local contract arrangements or process efficiencies are reported on an institutional basis and are outside the scope of this report.

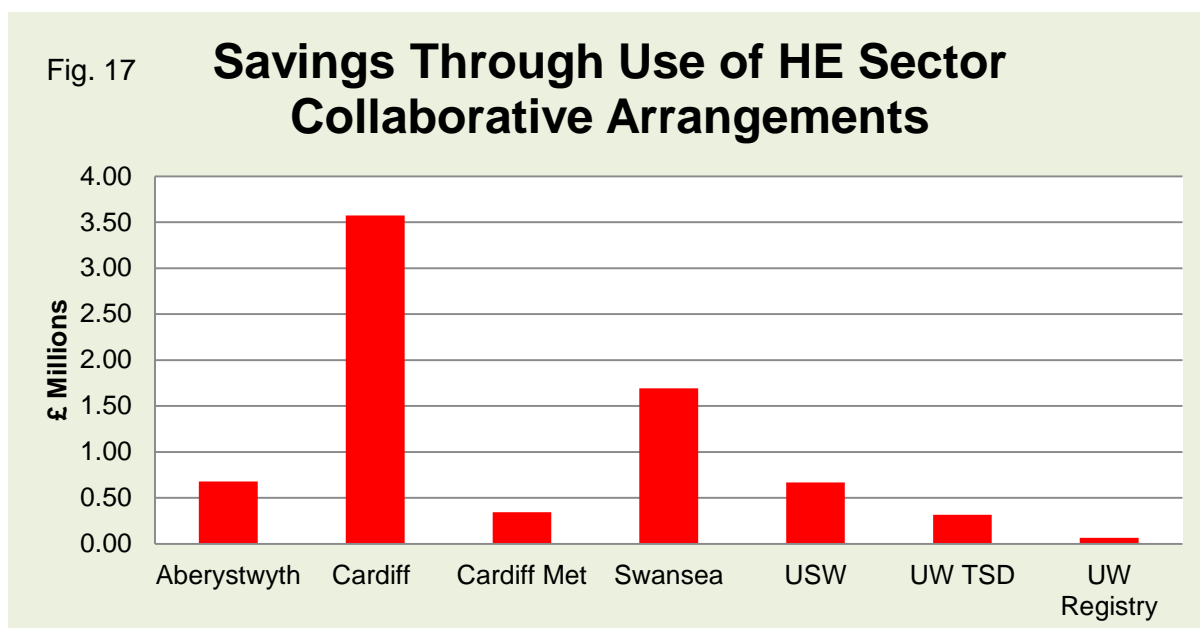


Fig. 18 below provides details of the institutional savings made through the use of HE Sector collaborative agreements, expressed as a percentage of each institution’s expenditure incurred through these arrangements.

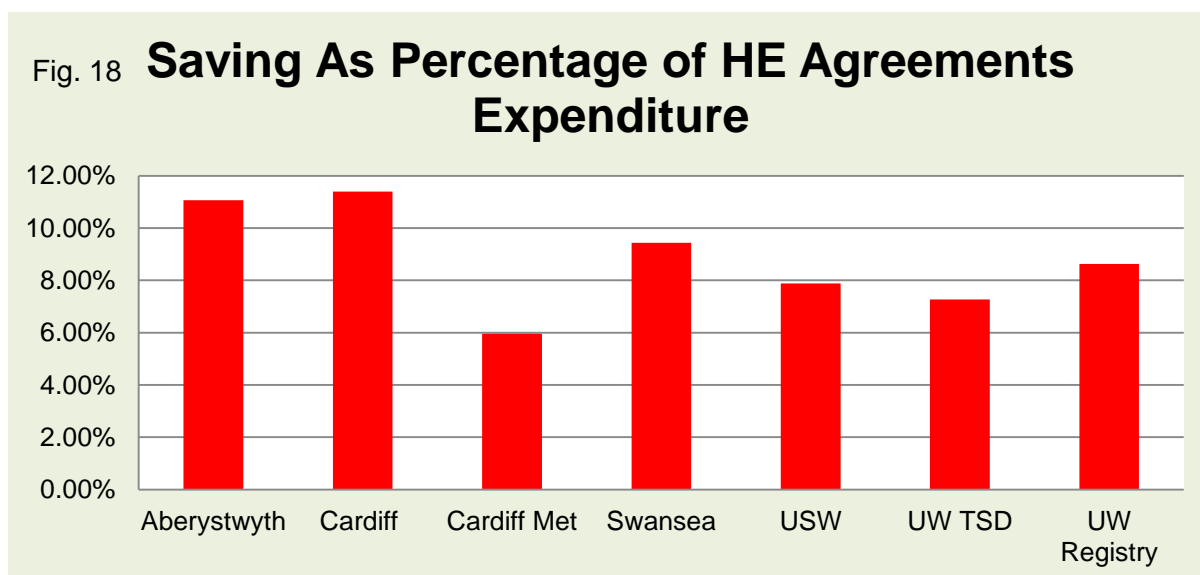




Fig. 19 provides details of total expenditure placed and savings achieved by HEPCW full members through the use of HE Sector collaborative arrangements.

Fig. 19

Category	2014/15	
	Spend via HE Collaborative Agreements (£M)	Savings via HE Collaborative Agreements (£M)
Audio Visual	3.5	0.3
Library Books & Publications	4.3	-
Catering (Equipment & Supplies)	4.2	0.3
Medical	1.8	0.3
Agriculture/Marine	-	-
Furniture & Furnishings	3.3	0.1
Janitorial	0.9	0.2
Utilities (Gas etc)	7.8	0.4
IT (Hardware, Software & Network)	14.5	1.4
Laboratory (Equipment & Supplies)	13.0	2.8
Workshop	0.8	0.2
Printing	-	-
Postal & Telecomms	2.9	0.4
Professional Services	8.2	0.4
Stationery and Paper	3.0	0.3
Travel (inc Hotels)	5.5	0.2
Security	0.1	-
Vehicles	-	-
Estates (Construction, Minor Works, Supplies and Safety)	0.1	-
Miscellaneous	-	-
<b>Total</b>	<b>73.9</b>	<b>7.3</b>

# Staff Development

*Principle 2 of the WPPS 2012 states “Professionally resourced – procurement expenditure should be subject to an appropriate level of professional involvement and influence, adopting the initial benchmark of a minimum of one procurement professional per £10m of expenditure.”*

HEPCW has continued to promote staff development and draws on resources available within the HE Sector and on an All-Wales basis. At a strategic level, it is represented on the Higher Education Procurement Academy (HEPA) Board and VW Training Steering and Development Group. Operationally, it promotes best practice and training opportunities available either through the HE Sector or the VW Open Training Programme.

Both seek to establish and develop appropriate arrangements to support the continued professional development of procurement practitioners in the HE Sector and Welsh Public sector respectively. In addition, HEPA and the Procurement Best Practice Academy (PBPA) support the procurement profession through the acquisition and dissemination of best practice case studies. Links to web sites for both HEPA and PBPA are posted on the HEPCW web site ([www.hepcw.ac.uk](http://www.hepcw.ac.uk))

HEPCW will continue to promote both the VW and HEPA training programmes to its members to assist in addressing appropriate training requirements. It is pleasing to report that during the review period, HEPCW hosted a number of training sessions covering the Public Contract Regulations (PCR) 2015, and these were attended by 39 delegates from the procurement community.

HEPCW members are encouraged to use an appropriate Competency Framework to support staff appraisals and inform the key requirements for personal development plans for procurement team members. It is acknowledged that whilst training may address some of the skills gaps, other activities may be required to suit the needs of the individuals.

# Marketing

Marketing of the consortium and the benefits of membership are fundamental to its success, and underpin the operation of HEPCW. The broad range of arrangements available to HEPCW members necessitate effective promotion to ensure that stakeholders are aware both of the arrangements, and where to obtain guidance on their use.

HEPCW was pleased to participate in the Wales Procurement Week in March 2015 which offered excellent opportunities to engage with other public sector organisation and Wales based suppliers.

During the review period, HEPCW hosted 2 supplier exhibitions in Cardiff University (October 2014) and Swansea University (March 2015). On both occasions visitors had opportunities to meet with approximately 40 suppliers, all of which are able to supply goods and/or services to institutions via the portfolio of collaborative arrangements. The events were well attended and

continue to provide an excellent opportunity for Universities' staff, academics and students to meet in a relaxed environment with a wide range of suppliers.

In terms of promoting specific agreements, HEPCW hosted an agreement launch for the new Inter Regional Audio Visual Framework Agreement in April 2015. The event brought together suppliers and stakeholders to raise awareness and encourage use of the agreement. Feedback was positive, and offered constructive suggestions to consider for any future events. An encouraging sign was the feedback received from suppliers, as the event presented an opportunity for them to meet a number of key stakeholders and arrange follow up meetings to market their services.

Building on the success of this event, where appropriate, HEPCW will consider hosting similar agreement launches in future across a range of commodity areas.

## Forward Look

As institutions are developing plans to address the recommendations of the Procurement Fitness Check (PFC) exercise, HEPCW will be aligning its activities to help support institutions in delivering these improvement plans. The objectives will also reflect how HEPCW can support its members in delivering the requirements of the revised Wales Procurement Policy Statement 2015.

The current Business and e-Procurement Strategies will also be reviewed and updated.

Through the procurement networks within the HE Sector and Welsh public sector there is a wide range of collaborative arrangements and examples of best procurement practice. In order to benefit from these available resources, HEPCW will be seeking to actively promote awareness and accordingly will be reviewing its communications media.

## Acknowledgements

I would like to extend my thanks to all the officers who have continued to participate in the HEPCW commodity groups and represented the interest of the consortium within the HE NWP and the NPS Category Forums. A special note of thanks is extended to Megan Hopkins who provides invaluable support and knowledge in her role as HEPCW Administrator.

I should also like to thank both Mike Davies for his enthusiastic support and guidance in the role of HEPCW Chair.

**Howard Allaway**  
HEPCW Procurement Manager