



Higher Education Purchasing Consortium Wales (HEPCW) Strategy 2012-2015

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1.0 Introduction

The Higher Education Purchasing Consortium, Wales (HEPCW) supports Higher Education (HE) institutions in Wales in identifying, monitoring and managing of their major and strategic areas of expenditure. Funded by member subscriptions, the role of the Consortium is to provide a platform for collaboration which facilitates

- optimising purchasing power
- sharing best practice and procurement expertise
- communicating effectively
- building relationships with internal and external stakeholders

This strategic document has been produced following consultation with all Consortium member institutions and has been endorsed by the HEPCW Board. It sets out to describe

- the key objectives to be delivered
- how these will be achieved
- the reporting and monitoring process.

2.0 Mission

HEPCW's mission is

“To identify and monitor major and/or strategically significant areas of financial expenditure and establish a basis for ensuring that contracts or processes are in place to achieve best value for money for all the Consortium's members.”

The economic climate in 2012 presents a significant challenge for the HE Sector in its future delivery of services. With the changes in the Student Fees arrangements, there is a now an ever greater need to deliver cost effective and efficient services which optimise the learning experience for the institutional students. A report into the effectiveness of procurement in the HE Sector was published in August 2011 and recommends increased collaboration and improved management of data.

3.0 Higher Education in Wales

From a Welsh perspective, a merger of 3 institutions is planned to take place late in 2012. As a consequence the number of HEPCW members will reduce however it is hoped that the formation of a larger institution will increase purchasing power and may lead to increased use of collaborative procurement arrangements.

4.0 Welsh Public Sector Purchasing

In March 2011, Value Wales published a report following a review of purchasing in Welsh Government, Local Authorities and Health Boards. The report entitled "Buying Smarter in Tougher Times", made a number of recommendations which have been progressed in 2011. Although the HE Sector was not within the scope of the initial review, HEPCW has commented upon the recommendations within the report and is participating in a number of the initiative launched to address the recommendations. These include:

- A project to consider the feasibility and benefit of creating a National Procurement Service which would manage common and repetitive categories across Welsh public sector groups
- The creation of a template for standard information requested from suppliers as part of pre-qualification exercises
- The development of a generic set of contract terms and conditions for adoption and use by public sector organisations
- The development of standard key performance indicators to measure procurement functions performance
- The adoption of Community Benefits clauses for appropriate procurement exercises
- Participation in the stakeholder groups to help develop the Value Vales future e-procurement strategy beyond 2013.

5.0 Aims

The key aims which underpin HEPCW's activities are:

- Achieve commitment and support for HEPCW activities from member institutions as a forum to enhance the purchasing performance of members through co-operation and the sharing of information.
- Debate purchasing issues and encourage innovation and interaction to achieve 'best practice'.
- Encourage commitment to purchasing contracts through good communications and shared objectives.
- Seek and develop strategic alliances with other purchasing consortia and public organisations to mutual advantage.
- Encourage and facilitate good business relations with official suppliers to mutual benefit.
- Encourage the improvement of purchasing professionalism and performance through education and the provision of training & staff development opportunities.

6.0 Objectives

We will achieve these aims through the delivery of the following objectives

6.1 Partnership Working

Objective: To promote co-operative procurement arrangements and communications between HEPCW members and other publicly-funded organisations, where it is beneficial.

We will do this by:

- Taking a proactive role within the HEPCW Commodity Groups and encouraging collaboration as appropriate
- Participating in the HE Sector Joint Contracting Group which manages the overarching HE National collaborative procurement programme
- Proactively promoting collaborative opportunities where appropriate using suitable communication methods, e.g. a regular HEPCW newsletter and via the HEPCW website
- Providing members with strategic management information in relation to existing HE Collaborative arrangements as a standard agenda items for the Strategy Management Group
- Being represented appropriately on sectoral and external groups, e.g. HE National Working Parties and Value Wales

6.2 Responsibilities

Objective: To ensure that collaborative procurement led by the Consortium is appropriately managed and controlled, and is legal, ethical, transparent and cost effective.

We will do this by:

- Undertaking collaborative procurement in accordance with the UK UPC Collaborative Procurement Protocol where appropriate
- Ensuring formal contracting strategies are developed for collaborative procurement exercise
- Adopting procurement best practice
- Being responsive to the needs of the broader political agenda concerning collaboration
- Adopting appropriate contracting strategies to ensure that SMEs are not disadvantaged
- Complying with legal requirements governing public sector procurement

- Adhering to “lead” institutional procurement procedures
- Advertising procurement opportunities appropriately

6.3 Value for Money

Objective: To obtain value for money on all procured goods, works and services and to minimise the cost of the procurement process.

We will do this by:

- Managing contracts robustly
- Specifying our requirements clearly
- Ensuring that sustainability issues are fully considered in procurement activities
- Optimising the use of collaborative agreements
- Understanding the “costs” of procurement and developing procurement strategies which deliver best value
- Promoting the savings achieved through the use of collaborative arrangements

6.4 Sustainability, Equality and Economic Development

Objective: To promote procurement planning and practices which support the Consortium members’ respective strategic objectives and aims regarding sustainability, equality, social and economic development.

We will do this by:

- Promoting the use of Sustainable Procurement principles amongst member institutions
- Encouraging the use of community benefits clauses where appropriate
- Where possible adopting contracting strategies which encourage participation from Wales based SMEs
- Supporting institutions in staff training
- Liaising with stakeholders to share best practice

6.5 Management Information

Objective: To improve, share and utilise procurement management information to facilitate more informed strategic and operational decision-making.

We will do this by:

- Providing key budget and performance statistics to the relevant HEPCW Management Committee/Group(s)/Member(s)
- Providing commodity groups with timely and accurate spend data
- Co-ordinating sectoral reporting to the Higher Education Funding Council for Wales (HEFCW) and other external stakeholders

6.6 E-Procurement, Information Technology

Objective: To facilitate and, where possible, assist with the implementation of e-procurement and related business tools to improve efficiency, reduce administration and transaction costs and improve negotiation opportunities.

We will do this by:

- Develop a HEPCW e-procurement strategy
- Promoting use of e-procurement tools including e-tendering and e-marketplace solutions
- Requiring suppliers to make available electronic catalogues (as appropriate) on collaborative agreements
 - Undertake a review of the HEPCW web site with a view to redeveloping as a strategic marketing tool
- Encouraging use of procurement cards for appropriate purchases
- Contributing to the HE National IT initiatives as appropriate

6.7 Training and Development

Objective: To facilitate and, where possible, assist with a structured approach to training and development for all staff with procurement responsibilities in member institutions.

We will do this by:

- Participate in the development of a HE Sector Procurement Academy
- Ensuring that appropriate training is delivered to key staff within member institutions
- Promote training opportunities using appropriate communications channels

6.8 Portfolio analysis

Objective: To continually review the Consortium's activities to ensure that they meet members' requirements for collaborative procurement.

We will do this by:

- Proactively engaging with Commodity Groups to encourage regular scheduled meetings
- Establishing the product portfolio mix
- Ensuring commodity group specific strategies are maintained so that they accurately reflect contracting activity
- Providing management information to underpin strategic decision making in respect of collaborative opportunities

6.9 Performance Measurement

Objective: To promote the development and use of appropriate KPIs to demonstrate the efficiency and effectiveness of the Procurement Function.

We will do this by:

- Supporting member institutions in the development of use of appropriate key performance indicators
- Promoting and communicating key performance indicators which are produced specifically within the HE sector
- Providing information as appropriate to enable institutions to report performance and drive continuous improvement

6.10 Supply Chain Management

Objective: To assist the Consortium's members in ensuring good practice in supply chain management and supplier development.

We will do this by:

- Sharing best practice
- Identifying potential training opportunities
- Supporting members in identifying commodity areas where the need for effective supply chain management and supplier development is greatest

7.0 Funding

HEPCW's policy on funding is that a standard membership fee applies irrespective of institutional turnover or savings achieved through the use of collaborative agreements. This policy has been adopted as it recognises the support which larger institutions provide in terms

of resource to support the work of the Consortium. It is envisaged that this policy should remain for the foreseeable future.

More recently other HE Consortia have introduced funding strategies which rely on supplier rebates to generate income. Whilst HEPCW's current approach is that it will not include marketing premiums for its own collaborative arrangements (unless specifically agreed), for those national agreements which HEPCW manages on behalf of the sector, the decision regarding the application of marketing premiums will be determined during consultation of the contracting strategy.

The Board has agreed however that any rebates which can be claimed against agreements which contain marketing premiums should be retained by the HEPCW Office. Details of income generated from rebates will be reported to the Board as part of routine reporting requirements.

8.0 Reporting

An annual Business Plan will be produced to establish and define the Consortium's key targets. Progress against these targets will be reported to the Board and Strategy Management Group, and will be included in the HEPCW Annual Report.

HEPCW Operational Plan 2012/2013

In order for HEPCW to continue to provide a value added service to its members and deliver the objectives agreed within the strategy, efforts will be concentrated in the areas below in 2012/2013.

1. Managing Strategic Spend Areas

A proactive role will continue to be undertaken to support all of the HEPCW Commodity Groups in their activities. The 2 strategic areas of expenditure not currently managed through a commodity group, namely Buildings/Estates and Professional Services will be addressed.

A review of all the current commodity group strategies will be undertaken. Frequency of Commodity Group meetings and attendance will be monitored and reported to Board and Strategy Management Group as appropriate to ensure that the appropriate level of communication amongst the groups is maintained.

2. Contracting

HEPCW will continue to participate in the HE Joint Contracting Group which is responsible for the management of the national contracting programme. At present there are no plans for HEPCW to act as a lead on any new national agreements, but should the position change, any decision will be based on resources available. Contract management of the agreements on which HEPCW currently leads will continue.

3. Resources

The HEPCW currently comprises 2 members of staff – a consortium Procurement Manager and Administrator. The number of initiatives in which the Procurement Manager is involved as the Sector representative is placing significant pressure on the ability to provide the day to day service which members deserve. This position has resulted as a consequence of reduction in available resources from member institutions and the Procurement Manager out of necessity having to take on additional responsibilities. In order to support the Consortium in delivering its objectives for 2012/13 a bid for resources will be made through the Value Wales funded ESF Home Grown Talent Pool.

4. Value Wales – National Procurement Service Project

HEPCW will continue to participate in appropriate initiatives led by Value Wales depending upon availability of resourcing. Of significant interest will be the National Procurement Service project which if delivered will potentially impact upon the future activities of HEPCW. The Procurement Manger will continue to ask as representative on the Task and Finish Groups and will provide members with key information to support institutions in the decision making process whether or not to participate in the service. The decision is likely to be taken later in 2012 as and when further details regarding the structure, funding mechanism and costs of the new service are more clearly understood.

5. Skills Training for Procurement Staff

A plan for utilising the remainder of the HEFCW funding will be developed.

HEPCW will continue to be represented on the Value Wales Training Group. It is hoped that Cardiff University will be able to provide a representative for this group in the longer term, but for the time being, the HEPCW Procurement Manager will fulfil this role.

As part of the UUK Modernisation and Efficiency Project (the Diamond Report) the creation of a HE Procurement Academy has been identified as being critical to the continued development of appropriate professional procurement specialists within the HE Sector. A project team has been convened to deliver the new Academy in which HEPCW is participating.

6. Communications

It is essential that effective communication is undertaken to ensure that members receive appropriate information in a timely manner. To support this, HEPCW will undertake the following:

- Develop a communications strategy
- Produce a Consortium newsletter 3 times a year
- Review the current HEPCW website to establish whether there is a need to upgrade and completion of justification if appropriate.

7. Management Information

Management information will continue to be provided and improved wherever possible. Quarterly savings are already produced for the Value Wales Public Sector Leadership Group Meeting (attended by the HEPCW Chair). It is planned that this is shared with members as a minimum, with a breakdown provided on an institutional basis.

Members will also be provided with fully categorised expenditure analysis as part of the data gathering exercise undertaken for the HEPCW Annual Report.

The collation of the quarterly expenditure is a resource intensive exercise and the delivery of detailed reports is dependent upon the outcome of the bid for resources from the Value Wales Home Grown Talent pool

8. Promotion

HEPCW will seek to identify any opportunities where it is able to promote its activities, in particular at "Meet the Supplier" Events which are scheduled in the year.

9. Reporting

HEPCW will produce an Annual Report by 31 December 2012. In an effort to continually improve the look and feel, the report will provide updates on the progress made in respect of strategic objectives for the year.

With regards to reporting required by HE National, HEFCW and Value Wales, all efforts will be made to ensure that all reporting deadlines are achieved.

10. Collaboration

HEPCW will continue to support the collaborative agenda and will be represented upon appropriate groups within the HE National and Welsh public sectors.

With regards to the Welsh public sector groups, HEPCW will continue to play an active role in the Value Wales Groups which cover its scope of activities and where there is tangible benefit from doing so. In addition HEPCW will review opportunities undertaken by the HE Sector and other sources eg: GPS, which may be suitable for collaboration with the wider Welsh public sector.

11. Customer Satisfaction

Members' views will be sought in respect of the services they receive from HEPCW, and these will be used to help shape the delivery of future services.