

London Universities Purchasing Consortium

Reaching New Heights: Our Strategy to 2018

1.0 Objectives

- 1.1 Our principal objective is to add value for our Members through our activities.
- 1.2 Our new corporate strategy is therefore based around six key aims designed to add value:
 - Help Members obtain better value from their procurement by channelling more expenditure through our supply agreements;
 - Find new ways to incentivise broader take-up of our agreements;
 - Collaborate more closely with our sister UK HE purchasing consortia;
 - Provide more support for our Members with their procurement activity;
 - Enhance our Members' appeal to their students, service-users and visitors through procurement; and
 - Become a leader in making ethical trading and sustainability available to our Members.
- 1.3 Having delivered our corporate strategy *Widening Our Reach* in the run-up to 2015 (see Appendix A), the LUPC Board now wishes to develop and invest in the Consortium with the primary aim of becoming our Members' most valued commercial partner by 2018.

2.0 Background

- 2.1 Getting better value from Members' procurement spend is our greatest success story, with more than £135m being saved in the last five years alone. But demands on our Members have grown well beyond simply obtaining the best value for money in the acquisition of goods and services. Many of our Members among London's higher and further education, arts, sciences, research and cultural establishments are not only anticipating ever-increasing budgetary pressure in the coming years, but also will face decisions about the delivery of services vital to their operational efficiency and effectiveness.
- 2.2 We want to align our objectives more closely to those of our Members so that we are better placed to add value. Delivery of this new strategy, *Reaching New Heights*, will see the Consortium develop new services bringing new benefits to Members. The most obvious change that Members will notice is that our services will become available to them in three tiers:
 - The traditional, standard subscription service with access to all of our highly competitive, EU-compliant supply and service agreements, with all the existing Member benefits as now;
 - Our high-quality, low-cost procurement consultancy service, now not only providing project support for 'mini-competitions' but for procurement strategy, policy, sustainability and other short-term assignments;

- The option to sign-up to and contribute to a full, longer-term, shared professional procurement service for full Members, particularly those currently with limited access to a professional procurement function of their own.
- 2.3 As with our previous strategy, our aim is that the benefits of this new design will be available and valuable to every Member, large and small, from across our sectors, who will remain at the centre of our activities at all times. The new services will be largely cost-neutral to LUPC to deliver and the Consortium will maintain its not-for-profit status.
- 2.4 We will continue to engage and build relationships with more managers, budget-holders and other key influencers across our Member institutions with the aim of broadening awareness, increasing the take-up of our agreements and services and informing our future planning. We will continue to use the ethos and approach we developed under *Widening Our Reach*, while staging more tailored events, training, networking and communications to increase the relevance of our services to stakeholders. This will be supported from 2015 by the implementation of our open-source CRM system, enhancing our ability to build stronger links with regional and national groups across a range of disciplines.
- 2.5 We will also maintain many of the activities we began under our previous strategy, such as training in the use of framework agreements, spend surgeries, and, for full Members, free spend analytics, Procurement Maturity Assessments and the opportunity to apply for free HEPA scholarships. Our annual conference is growing in reputation as a high-quality event and we will hold a Conference and exhibition each spring throughout the period of our new strategy, complemented by a programme of category-specific events that will appeal to budget-holders.
- 2.6 Appendix B sets out our high-level spend, savings and income projections for the duration of this strategy, while Appendix C outlines the human resource and expenditure implications of the strategy.
- 2.7 This strategy was prepared following two special Board meetings, a special Executive Committee strategy meeting, an opinion-gathering exercise at LUPC's 2015 Conference and the personal input of a number of Member representatives. The strategy received final approval at the LUPC Board meeting on 12 June 2015, along with its accompanying detailed budget forecast for 2015-16 and outline budgets for the remaining two years.

3.0 What we will do to Reach New Heights

- 3.1 Our principal objective is to add value for our Members through our activities.
- 3.2 Our new corporate strategy is therefore based around six key aims designed to add value:
- Help Members obtain better value from their procurement by channelling more expenditure through our supply agreements;
 - Find new ways to incentivise broader take-up of our agreements;
 - Collaborate more closely with our sister UK HE purchasing consortia;
 - Provide more support for our Members with their procurement activity;
 - Enhance our Members' appeal to their students, service-users and visitors through procurement; and
 - Become a leader in making ethical trading and sustainability available to our Members.

- 3.3 We will act in the best interests of all our Members and our strategy will support and encourage all channels for effective collaborative procurement, not just those available through our supply agreements.
- 3.4 The following paragraphs set out what we plan to do to achieve each objective and how we will measure and report on our progress.
- 3.5 *Objective 1: Help Members obtain better value from their procurement by channelling more expenditure through our supply agreements*
- 3.5.1 **Collaborative procurement** will remain the main-stay of our operations. Our principal aim will be to help our Members channel more of their expenditure through our supply agreements. We will maintain our efforts to support the higher education sector in attaining the 'Diamond Report' target to channel 30% of non-pay spend through effective, collaborative arrangements by 2016. We will do this by:
- Strengthening and deepening our expertise in the five main categories of spend: estates; ICT; laboratory equipment and supplies; learning resources and professional services;
 - Identifying and analysing areas of low take-up and understanding drivers for the take-up of each agreement;
 - Identifying opportunities for new framework agreements;
 - Optimising the mix of university purchasing consortia framework agreements with other public sector agreements that are open to our Members;
 - Continually improving our agreements and their value for money;
 - Examining the benefits of operating Dynamic Purchasing Systems as an alternative to framework agreements;
 - Engaging with more managers with responsibility for spend – we now have 900 individual contacts in our CRM system.
- 3.5.2 Our progress will be measured by the level of take-up of our agreements and savings for our Members.
- 3.6 *Objective 2: Find new ways to incentivise broader take-up of our agreements*
- 3.6.1 We will identify where specific Members are not using individual or groups of supply agreements and develop relationships with relevant budget holders and influencers to support greater uptake (for example, where a Member has low uptake on professional services agreements, we would seek to work more closely with the HR community). We will find **new opportunities for increasing participation** by these budget holders, for instance through networking groups and events, relevant training, updates and discussion forums and innovation projects. The greater the level of participation, the more we will be able to develop our agreements to best meet a wide range of requirements, offer value for money and drive service improvement, innovation and differentiation for our Members.
- 3.6.2 Again, our progress will be measured by the level of take-up of agreements and savings for our Members, along with the number of 'mini-competitions' run by our consultancy service.

3.7 *Objective 3: Collaborate more closely with our sister UK HE purchasing consortia*

3.7.1 We are also committed to **even closer collaboration with our sister consortia** in the English higher education sector. Together we accounted for £836m of expenditure in 2013-14. In particular, we will implement our joint national improvement plans through Procurement England Limited (PEL), and our new strategy strongly reflects that commitment. Our joint strategic aims, to be delivered through PEL's Implementation Plan, are to:

- Negotiate more collaborative supply agreements by extending the reach of collaborative procurement into all areas of spend;
- Move from contract management to category management as our principal methodology;
- Make our collaborative supply agreements easier to use;
- Explore and formalise further opportunities to collaborate with procurement organisations in the wider public sector;
- Establish a set of KPIs that we will use to report our progress to Procurement UK; and
- Measure and report savings and other benefits from the programme.

3.7.2 Our progress will be measured by the number and value of new collaborative opportunities identified, the number of national sourcing strategies in place and a new suite of national KPIs for the consortia.

3.8 *Objective 4: Provide more support for our Members with their procurement activity*

3.8.1 We will **expand our procurement consultancy** offering to help our Members derive greater value from their procurement, not only by supporting Members to increase their take-up of our supply agreements by running 'mini-competitions', but also by helping Members develop procurement strategy, policy, resourcing or other short-term assignments. We will also help our Members prepare for the EU requirement to operate electronic procurement by October 2018.

3.8.2 We will support our Members in their "make-or-buy" decisions – whether to out-source key support services or run them in-house - by becoming **our Members' "right-sourcing" facilitator**. Much expertise already exists among our Members: the point is to share it to our Members' mutual value and advantage. To do this, we will facilitate a network of decision-makers interested in the outsourcing of key services. We will seek to pool expertise and learning by connecting Members with peers who have been through the in-house/outsourcing decision mill. A combination of peer support and chargeable consultancy services will make our Consortium the first choice partner for Members who need to make the "right-sourcing" choice.

3.8.4 We will also make a major leap forward in shared services. During the period of this strategy, we will establish and promote an innovative partnership solution offering the complete, longer-term, **shared procurement service** to participating full Members. The service will be of particular interest to our smaller Members, around twenty of which each have an annual procurement spend of £20m or less and have either very limited professional procurement resource, or none at all. In total, their total annual spend exceeds £200m, adding up to a very significant sum that is being spent without the full benefit of professional procurement support and, as a direct consequence, we expect to uncover brand new opportunities for collaboration.

- 3.8.5 Our progress will again be measured by increased take-up of agreements, more savings for Members and, in the case of the shared procurement service, improvements in participating institutions' Procurement Maturity Assessment scores. We will also see enhanced end user satisfaction with agreements that achieve best value, meet Members' needs and drive innovation.
- 3.9 *Objective 5: Enhance our Members' appeal to their students, service-users and visitors through procurement*
- 3.9.1 Underlining our ongoing commitment to higher education, we will find new ways to **engage with students** through a student out-reach programme in our work, thus helping institutions to achieve their student experience objectives. We will involve students in our plans to improve our sustainable procurement policy and strategy (see 3.10). We will work with careers services in institutions to identify employment opportunities with our key suppliers and we will recruit new graduates to train as the commercial professionals of the future.
- 3.9.2 Similarly, we will also identify ways in which our Members in other sectors can use procurement to enhance their image and relationship with service-users and visitors.
- 3.9.3 Our progress will be measured by the number of positive published articles about LUPC engaging with students, service-users and visitors.
- 3.10 *Objective 6: Become a leader in making ethical trading and sustainability available to our Members.*
- 3.10.1 We want to be a **leader in providing support for ethical trading and sustainability**, reflecting the values of our Members. We want to reach Level 5 of the Sustainable Procurement Flexible Framework during the period of this strategy. We will actively support those Members who seek to promote 'responsible outsourcing' so that all their workers enjoy decent conditions and are paid a living wage at minimum. We will sustain our involvement as a founding member of Electronics Watch and we will partner with the Ethical Trading Initiative to find more ways to underline our commitment to ethical trading.
- 3.10.2 We will also do more to actively ensure that local businesses, particularly small, medium-sized and social enterprises, can compete for our supply agreements.
- 3.10.3 Our progress will be measured by the number of positive published articles evidencing LUPC's growing reputation in this field.
- 3.11 In conclusion, we want to add value for our Members by **providing leadership for effective, sustainable procurement**. We will help decision-makers control more of their spend by channelling it through our agreements and by take-up of our consultancy or shared service offerings. We will help ease the ever-increasing pressure our Members experience on their budgets. We want to work with local communities and enterprise and make the most of our relationships with business to the benefit of our Members.

Appendix A

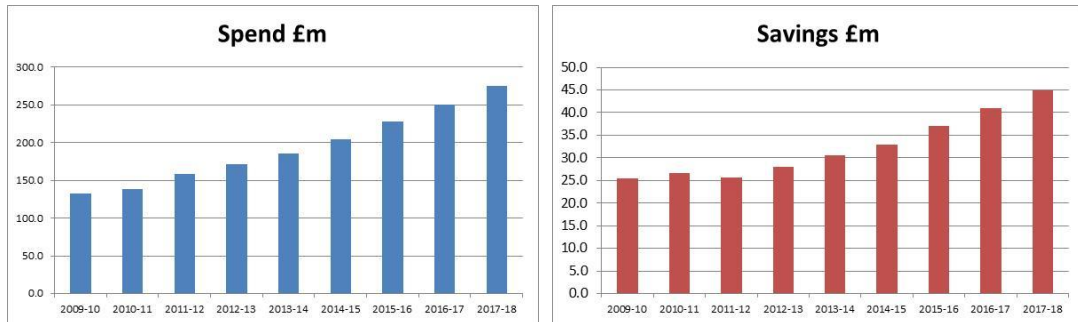
Achievements under our last Corporate Strategy

Our new strategy is presented having substantially delivered its precursor, *Widening Our Reach*. As a result of this programme, LUPC and our Members have together achieved:

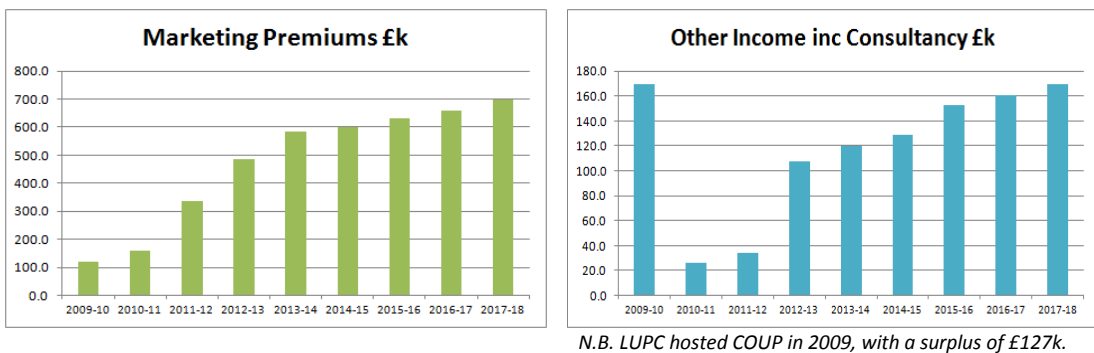
- A growth in spend through supply agreements to £186m in 2013-14, an increase of 9% year-on-year (and of 34% over the period of the last strategy);
- Savings of £30m in 2013-14, making a total of £135m over the period of the last strategy;
- Development of mini-competition service, having launched in 2012-13, with take-up of the service by Members resulting in a cumulative £6.6m of business through our supply agreements over the full term of contracts awarded;
- Brand new supply agreements were awarded by LUPC in estates maintenance, occupational health services, sustainable waste management, legal services and taxi services, while our popular agreements for temporary agency staff, cleaning & security services, desktop & notebook PCs, insurance, laboratory equipment, laboratory gases, serials, debt collection and office supplies were re-tendered;
- Development of the 'Business Partner'-style approach to managing our working relationship with Members, mapping and understanding take-up patterns and working with Members to better understand their needs;
- Closer working relations with stakeholder groups such as the Association of University Directors of Estates (AUDE), British Universities Finance Directors' Group (BUFDG), Universities Human Resources (UHR), the Association of University Heads of Administration (AHUA) and the Association of Managers of Student Services in Higher Education (AMOSSHE), with the aim of improving awareness and take-up of our supply agreements;
- Affiliate membership of the Universities and Colleges Information Systems Association (UCISA);
- Founding membership of labour rights campaign organisation Electronics Watch;
- Staging of yet another commercially and critically successful annual Conference and Exhibition in 2014;
- Establishment of a programme affording full Members free on-line spend analysis capability;
- Free Procurement Maturity Assessments (PMAs) for full Members (ten Members have so far taken up the offer, bringing the total to 19 that have so far undertaken a PMA);
- A Procurement Capability Assessment result rating our Consortium as a "superior" procurement organisation;
- Independent verification of our attainment of Level 3 of the Sustainable Procurement Flexible Framework;
- Approval to implement a new Customer Relationship Management (CRM) system enabling a closer working relationship with Members; and
- A successful relocation to better, larger office premises with improved facilities for collaborative working.

Appendix B
Spend, Savings and Income Projections

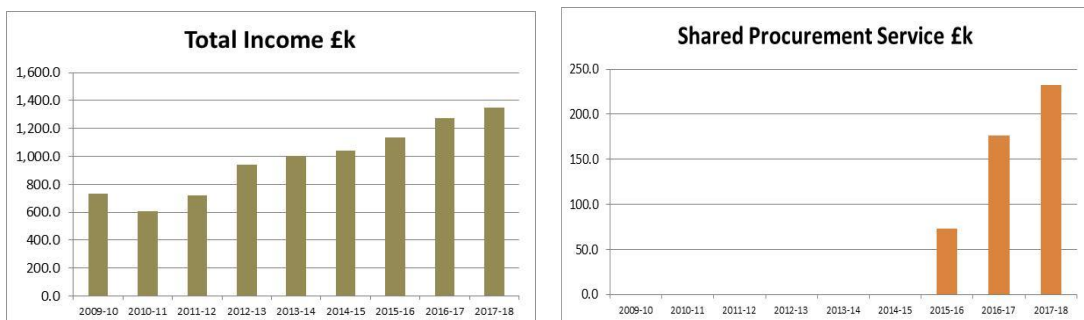
1. Spend through our supply agreements has grown steadily in the last five years and we expect this trend to continue. By the end of 2014-15, we expect to break the £200m barrier, going on to reach £275m per annum by 2018. We expect savings benefits for our Members to grow in a similar fashion.



2. We anticipate that our income from marketing premiums will increase commensurate with the growth in spend, to reach £700,000 per annum by 2018. Subscription income will fall in line with our policy to benefit Members by reducing subscription levels over time. Income from our other existing activities (conferences and events, training, advertising, consultancy and other income) will grow from £120,000 in 2013-14 to £166,000 by 2018. Overall, we expect our **turnover from existing activities** to grow from £1m in 2013-14 to £1.12m per annum by 2018.

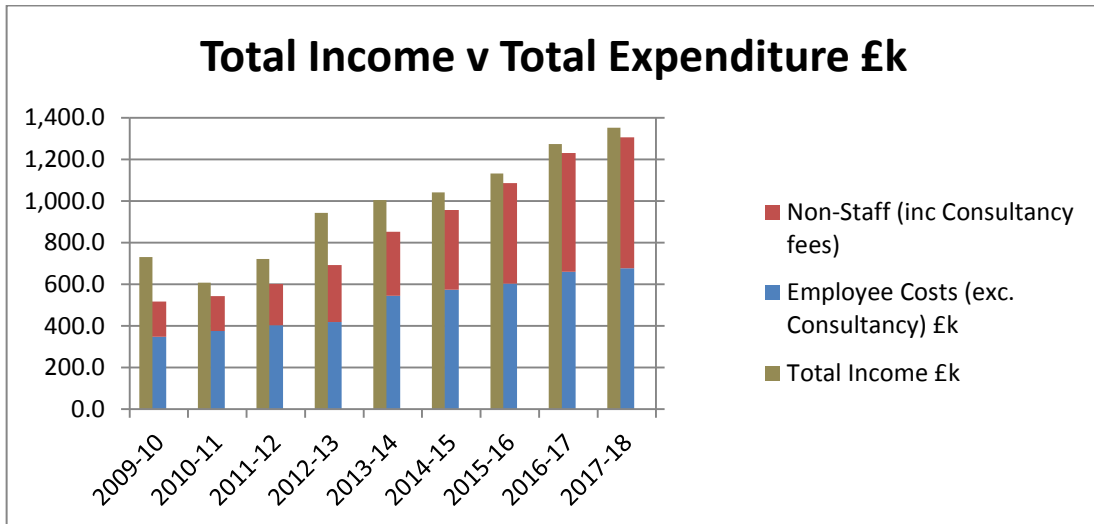


3. Our shared procurement service, which may be constituted as a cost sharing group managed by LUPC, will turn over £176,000 in the second year of the strategy, rising to £232,500 by the end of the period as more Members sign up, meaning that by 2018 the Consortium will be overseeing a **total turnover of £1.35m per annum.**



Appendix C
Human Resource and Expenditure Implications

1. *Reaching New Heights* is an ambitious strategy for a small, non-profit organisation like LUPC. Our team will require strengthening in order to ensure the delivery of benefits of the new strategy to our Members. In each case, as is required by procedure, authority to make new appointments will be the subject of prior submission(s) to the LUPC Board, but our income projections comfortably meet the cost of these resources.



2. During 2015, we will recruit an **Assistant Director (Procurement)** – an experienced, senior procurement manager - to manage the Consortium’s team of procurement professionals, our programme of collaborative procurement and, once under way, our fledgling shared procurement service. To complement this new role, the Head of Membership will assume responsibility for all non-procurement activities as Assistant Director (Membership). This structure will serve to mitigate risk by allowing the Director to concentrate on tasks of greater strategic importance and provide assurance to Members and to the Board as to an appropriate succession plan for the management of the Consortium.
3. We will need to **resource the new shared procurement service** as it develops. It is envisaged that this will be staffed by mid- and junior-level CIPS-qualified procurement professionals: two to begin with, growing to four by 2018. Later to be established as a cost sharing group, separate from LUPC, the service is expected to be cost-neutral to the Consortium and so the timing and pattern of recruitment will be dictated by the commitment of Members to the new service.
4. During the period of the strategy, we will look to emulate our sister consortium, NEUPC, by funding a **graduate recruitment programme** to help meet the demand from Members for quality, trained procurement professionals in the future. Under the scheme, a new graduate would undertake professional study toward membership of the Chartered Institute of Procurement and Supply and undertake four six-month attachments – the first with LUPC and then three with Members working in their institutions. S/he will be free to apply for professional procurement opportunities as they arise across the Membership at any time.