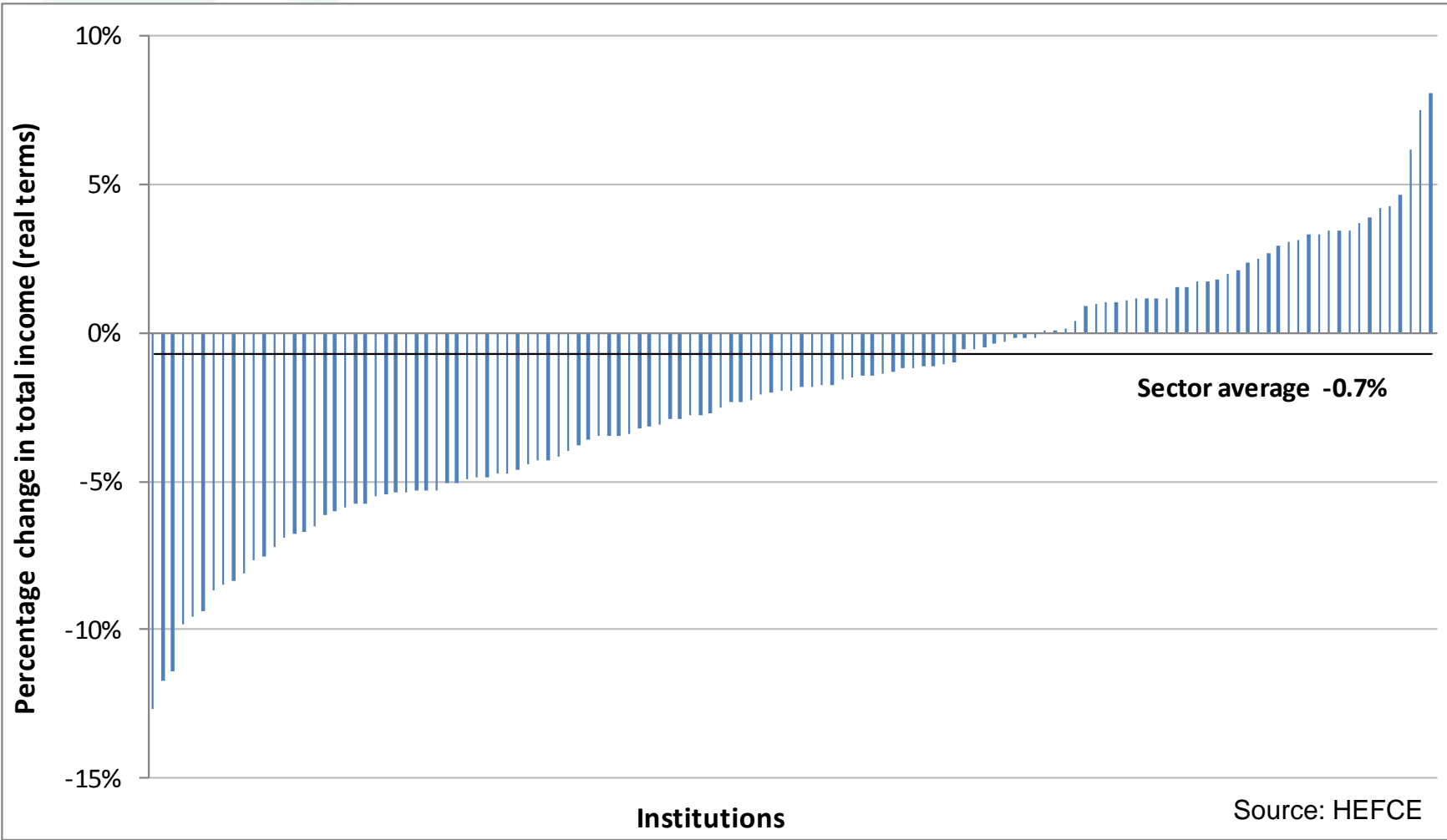


Skills Make Savings

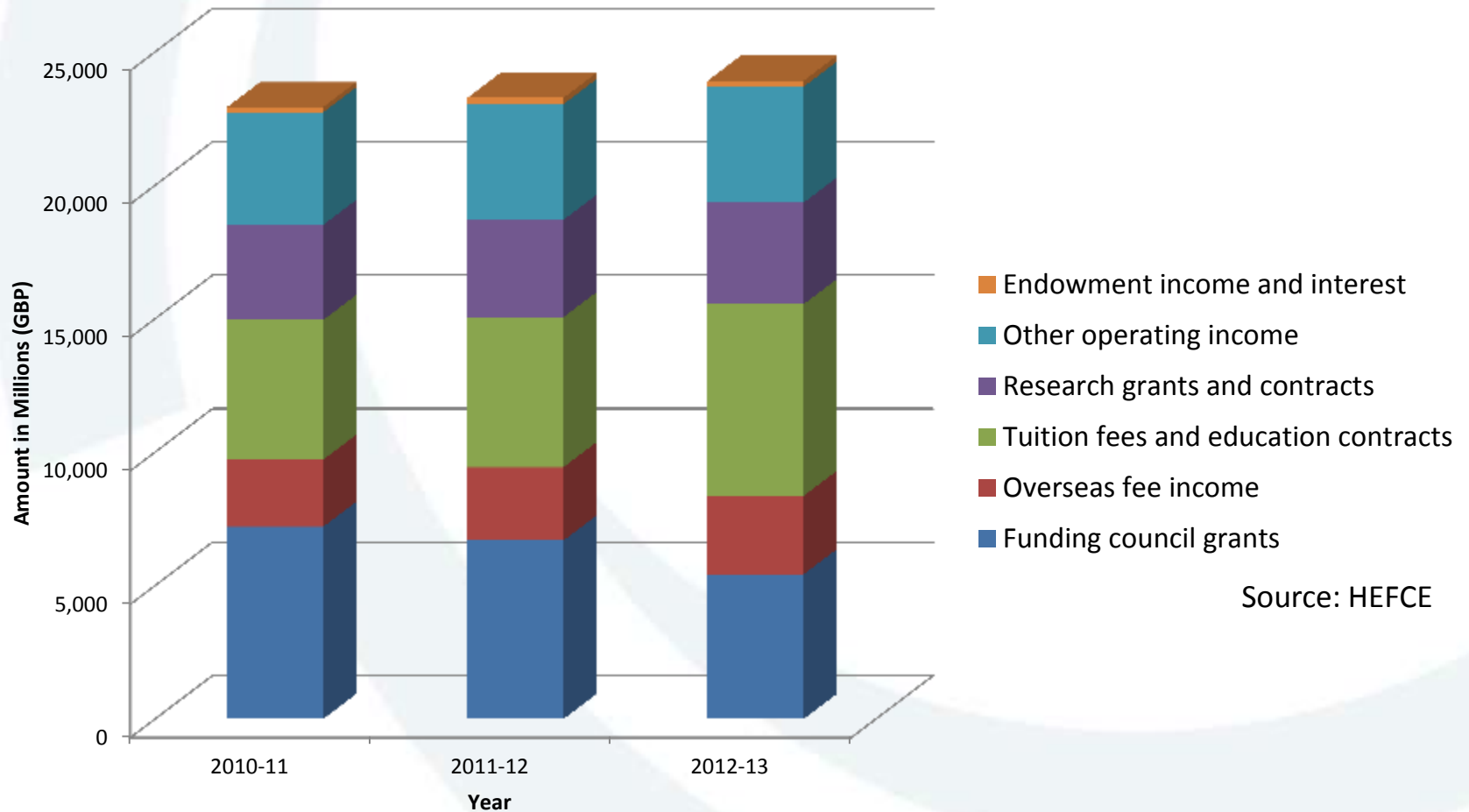
Building
Procurement
Capability in
Higher Education



In 2011-12, income for English HEIs fell in real terms for the 1st time since HEFCE records began

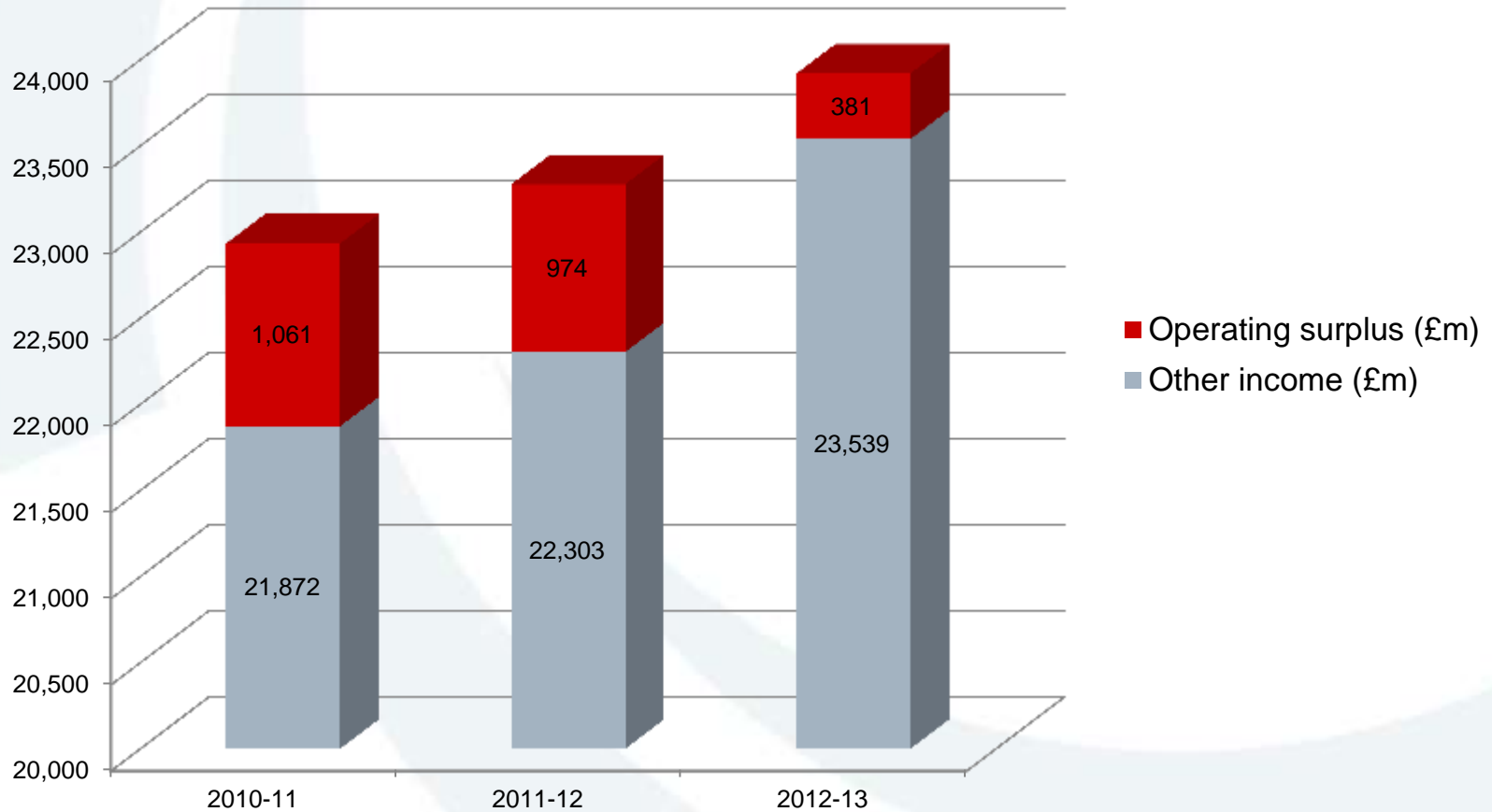


Funding council grants fell to 28.7% of income in 2011-12 and will fall to 22.7% in 2012-13



Source: HEFCE

Average operating surplus fell to below 4.2% in 2011-12 and will fall further in 2012-13



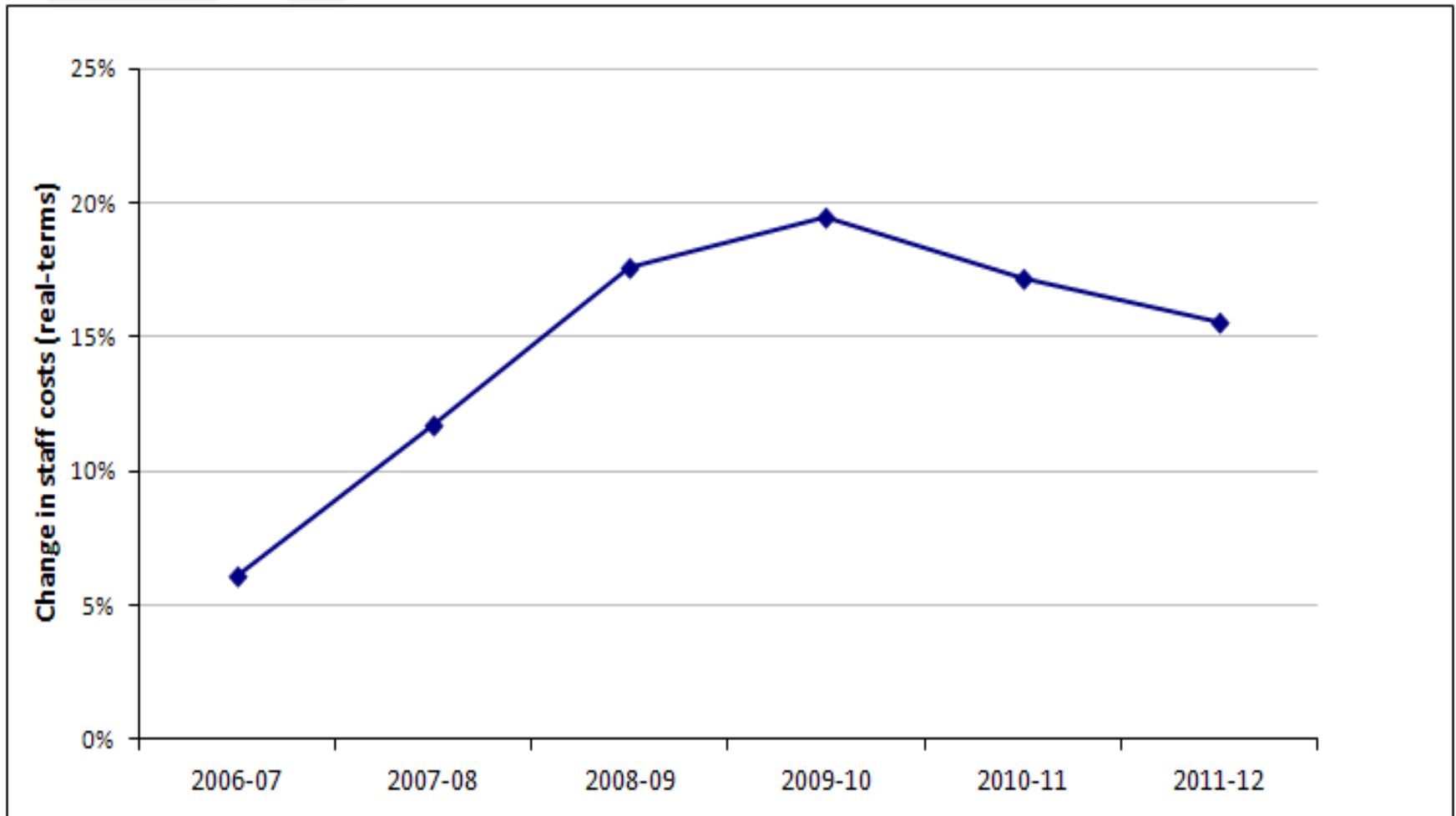
Worse may well be yet to come...



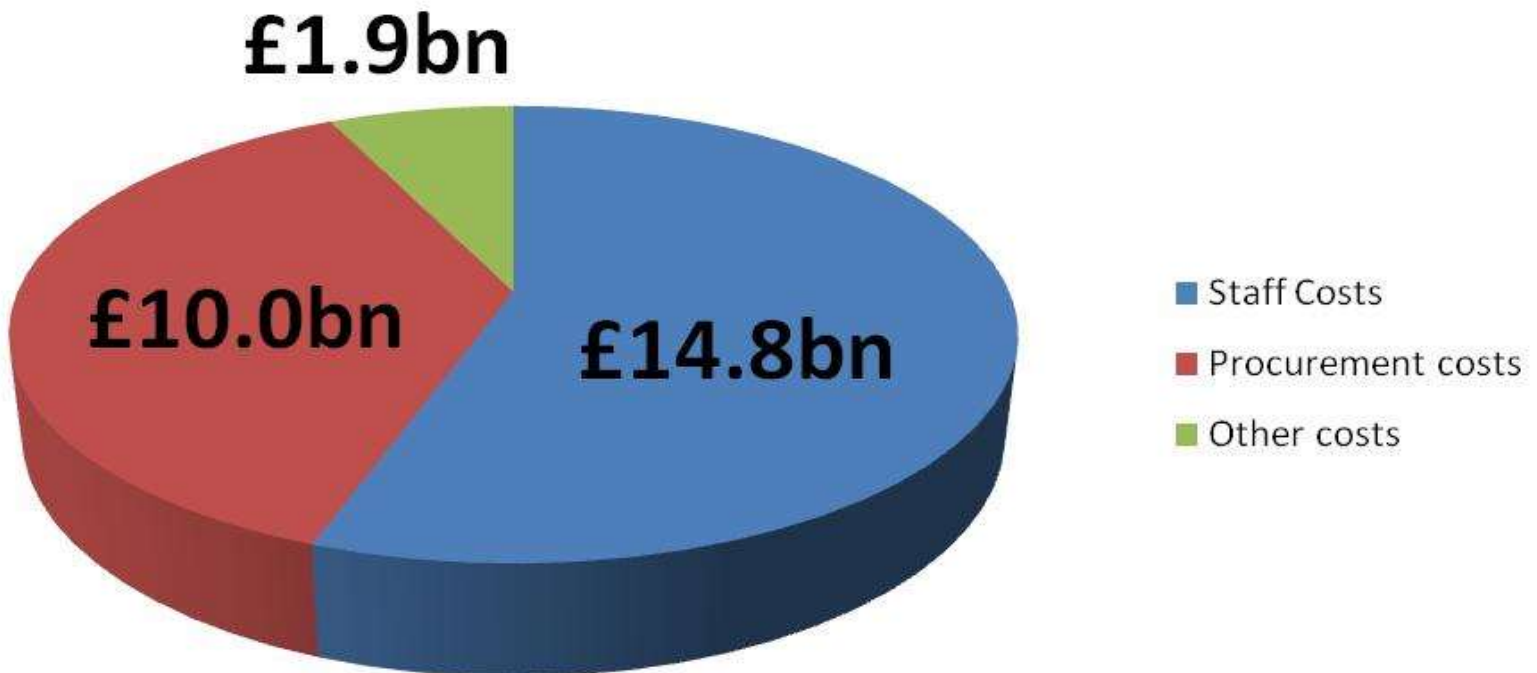
- Even **small changes** in income have a **material impact** on financial position.
- Increased volatility in income may occur because of **increased uncertainties** relating to student income.
- Reduction in public funding for HE could prompt **significant change** in the sector's financial position.
- HEIs must **increase surpluses** to finance future investment and maintain **long-term sustainability**.

Source: *Higher Education in England: Impact of 2012 Reforms*, HEFCE, March 2013

In 2011-12, staff costs fell in real terms for 2nd successive year. We must do the same with procurement costs to protect surpluses.



After staff costs, procurement spend is by far the largest portion of expenditure.



Turning our attention to procurement is essential if HEIs are to remain sustainable.

Case Study 1: Durham University

- **The Project**

A major review of catering provision

- **Benefits**

A more sustainable approach to sourcing: food miles reduced; UK assured produce; needs of diverse student community met

- **Critical Success Factors**

Trusted partnership between Catering & Procurement; senior level support; wish to see improvement in contracting

- **Strategic Value Added by Procurement**

Significant savings; better quality products; improved sustainability; improved student and staff experience

Case Study 2: University of East London



- **The Project**

Student placement management agency project

- **Benefits**

Procurement staff created a competitive market where none existed, helping to ensure value for money

- **Critical Success Factors**

Collaboration between stakeholders; clear roles and responsibilities; good risk management

- **Strategic Value Added by Procurement**

Commercial expertise enabled both academic and admin needs to be met. Delivered a long-term working partnership with KPIs.



Case Study 3: University of Edinburgh

- **The Project**

Sustainable procurement: a strategic impact on the student/staff experience

- **Benefits**

Enhanced student experience and employability skills; enhanced reputation of University in community and sector

- **Critical Success Factors**

Pro-active engagement across all spend categories; senior management engagement; procurement as a strategic partner

- **Strategic Value Added by Procurement**

Another, commercial perspective opening up new opportunities to deliver the strategy.

Case Study 4: London South Bank University



- **The Project**

Provide a proactive category management service

- **Benefits**

Cashable savings of £7m; a focus on student-facing projects; better contract performance; freed-up academic time

- **Critical Success Factors**

Appetite for change; procurement staff outside comfort zone; senior leadership support; increased emphasis on VfM

- **Strategic Value Added by Procurement**

University-wide view of VfM at Pro-Dean level, staff work with departments on projects not procurement related.

So what can HEIs do?



- **Buy more goods and services collaboratively**, particularly through existing deals managed by HE purchasing consortia.
- **Undertake a Procurement Maturity Assessment**, subsidised by HEFCE, to develop plans for further improvement and savings
- **Train key budget-holders** through the **Higher Education Procurement Academy**

Why we need to up-skill



- Procurement conducted by competent professionals **reduces costs and releases resource** to support core activities.
- Using appropriate skills and expertise within universities leads to **significant savings** and demonstrable efficiency gains
- Skills must be developed within the sector if greater use of **shared services and outsourcing** are expected in the future
- Procurement can make a positive contribution to wider **institutional objectives**
- **Smarter procurement** is essential as universities move through a period of transition.

Aims of the HE Procurement Academy



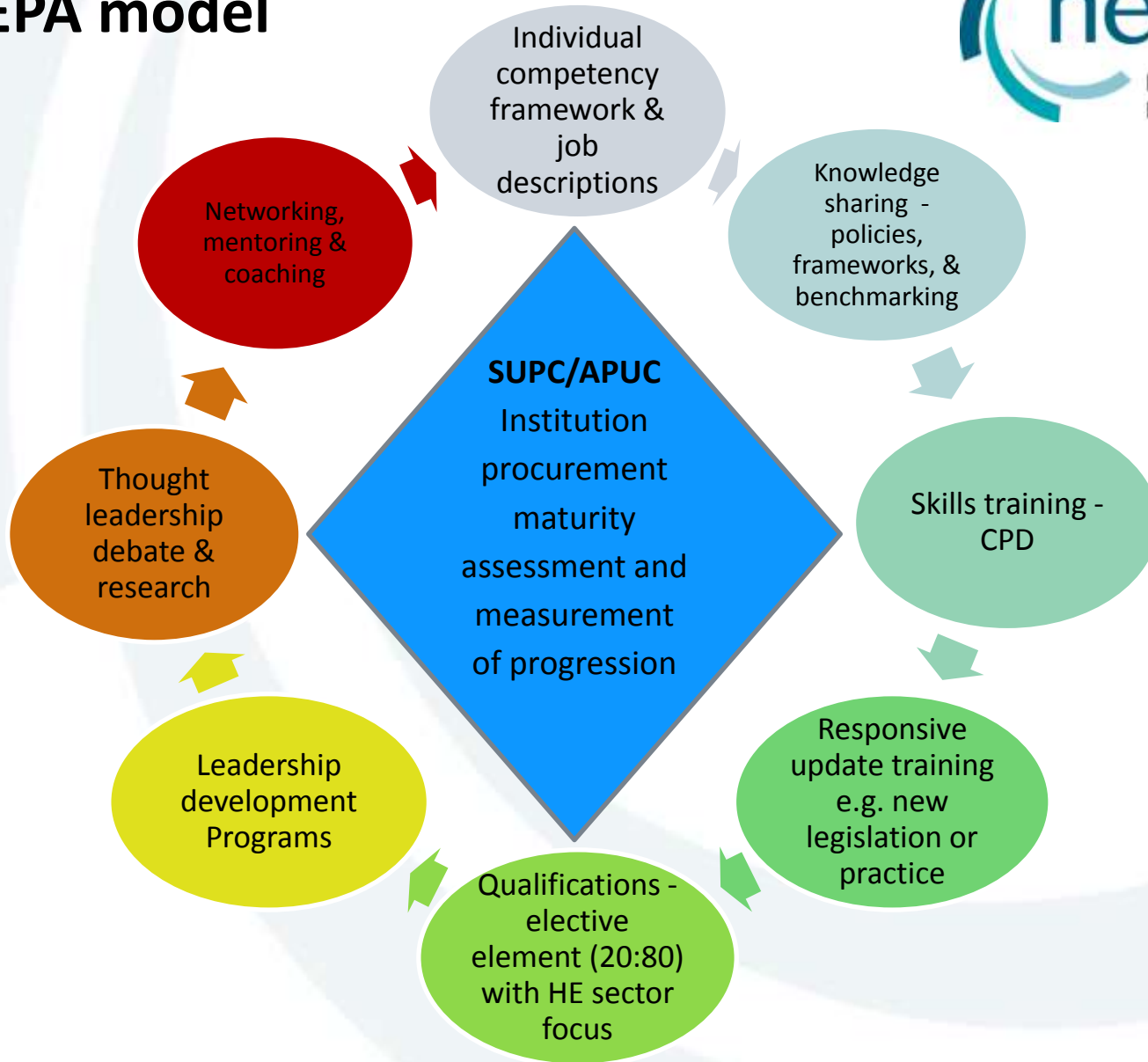
- Deliver a **competency framework** and provide access to training and development opportunities
- Identify skill needs of sector and tailor training to **improve procurement capability** in the sector
- Identify learning and development needs and training opportunities that will **raise the quality of procurement skills**
- Provide a **single point of access** to competency assessment and skills development programme.

Benefits of the Academy



- The Academy will move procurement from operationally adequate to **operationally excellent**
- Participation will lead to better trained, more **commercially competent and motivated staff** driving down costs and improving value
- The sector will keep up with the demands of fast-moving business and procurement practices by providing a **well-structured, well-resourced and relevant framework.**

The HEPA model



What's on offer



- A brand new **website** www.hepa.ac.uk is the hub for networking, news, resources, training and e-learning
- On the website are a **competency framework** and **template job descriptions**, to be web-enabled in 2013/14
- A suite of **face-to-face national training courses** available in 2013/14
- Web-based **e-learning programmes** currently in development
- **Networking events** will be developed under the PPG umbrella
- Further developments to come, such as a **leadership, mentoring and coaching programme** to be offered through LfHE.

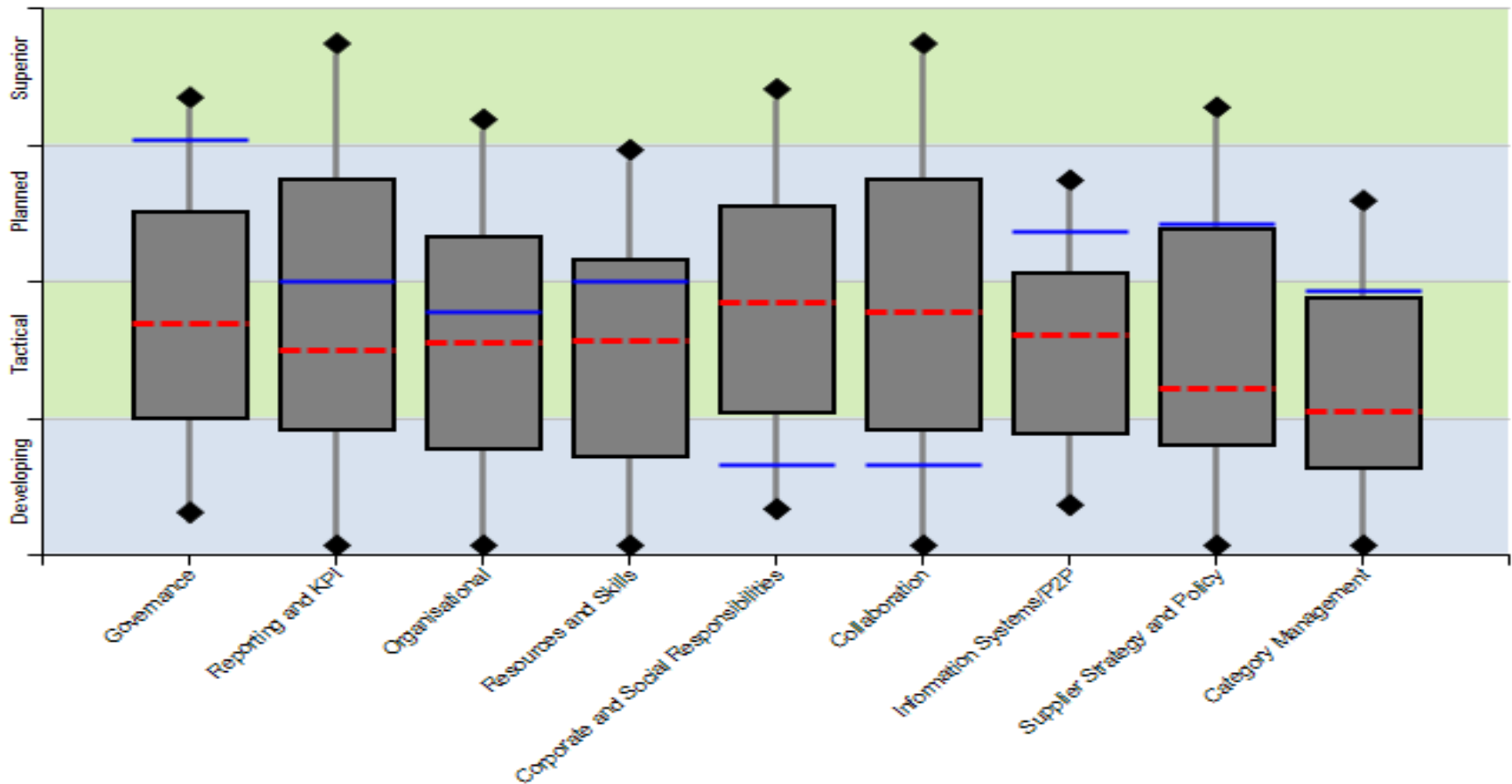
Procurement Maturity Assessments



- HEPA's training programme content is influenced by outputs from **Procurement Maturity Assessments** (PMAs)
- PMAs are low-cost/high value, **independent detailed assessments** of an HEI's procurement capability, helping them improve effectiveness and deliver significant efficiency savings.
- A PMA provides each participating institution with:
 - ✓ a bespoke **action plan** for improvement;
 - ✓ a **baseline** from which to measure improvements; and
 - ✓ a **benchmark** with similar institutions.

PMA's benchmark each institution's procurement capability against peers

Sector Scores - Assessment Year 2011/12



Further Information



- For the **Higher Education Procurement Academy**:
 - ✓ www.hepa.ac.uk
- To sign up for a **Procurement Maturity Assessment**:
 - ✓ <http://supc.procureweb.ac.uk/aboutsupc/procurement-maturity-assessment>
 - ✓ Contact Judith Russell, PMA Programme Manager, j.s.russell@reading.ac.uk or tel. 07986 911918
- For **case studies** on how Procurement can meet your institution's strategic vision and deliver greater efficiencies:
 - ✓ www.encyexchange.ac.uk (Theme: Procurement)