

Procurement Strategy 2018-2023

Introduction

De Montfort University (DMU) Leicester's procurement strategy has been developed through consultation across the university.

It describes the value-added contribution our central procurement team will make towards the delivery of DMU's overarching [Strategic Plan](#) objectives and how we will build on our strengths to influence the supply chain, providing benefits both within the university and beyond.

I am proud to lead the university's central procurement team as we strive to become a sourcing centre of excellence that works closely with our staff, students, supply chain, public sector partners and the local community.

We are committed to embedding purchasing practice and decision making that follows principles of good financial governance and delivers best value to the university and its students. This will be achieved by ensuring we build appropriate flexibility into our sourcing decisions, develop sustainable partnerships and encourage supply chain innovation. We will introduce initiatives that support a diverse range of supply chain partners and encourage local small and medium size enterprise to do business with us.

Our aim is to adopt policies and processes that are fair and transparent, using suppliers who recognise the ethical, socio-economic and environmental implications of their business and have demonstrably robust policies and practices in place, to minimise any negative impact from their trading activities.

Martin Satchwell - Head of Procurement



Why procurement is important

With an annual turnover of more than £200 million and a procurement spend of more than £70 million, DMU's contribution to the Leicestershire economy is significant. This will continue and we will support it with procurement policies and processes that also play a part in a healthy and vibrant local economy.

Procurement maturity is an important measure used to assess the University's procurement sourcing capabilities and organisational development. Through the Southern Universities Purchasing Consortium (SUPC) Procurement Maturity Assessment (PMA) programme, DMU is able to assess its current performance and receive benchmarked scores showing how this compares to similar sized Higher Education Institutions (HEI's). SUPC also provide a detailed prioritised action plan for improvement followed by a re-assessment the following year to measure and demonstrate progress. DMU's 2018 procurement maturity score has been assessed as 'Developing' with improvement targets in place to achieve a rating of 'Tactical' by the next assessment by September 2019, and 'Planned' by the third assessment in Spring 2021.

As a strategic function, DMU's central procurement team will work to deliver the maturity objective by helping to streamline processes, encourage supply chain innovation, and optimise value obtained from purchased services, supplies, and works. An ever-changing operating landscape presents financial challenges requiring agile purchase agreements and the delivery of best value outcomes that contribute to financial savings whilst maintaining financial integrity.

The procurement team's role is to apply its skills and capabilities to deliver more from a finite level of available funds. We will achieve this by supporting the faculties and directorates to buy as effectively as possible, contributing to both the department and university's efficiency savings.

Additionally we will strive to build a strong supply chain and actively encourage local Small and Medium Enterprises (SMEs), to develop new commercial and competitive skills that improve their tendering capabilities and increase opportunities to become suppliers to both the university and wider public sector. We will seek opportunities to collaborate with other local public and private sector organisations, building on existing initiatives that further develop the local economy.

We will continue to support student and university initiatives by identifying and encouraging volunteering, intern and employment opportunities for students, both within our supply chain and with our partners.

The central procurement function also plays an important role in assuring DMU's values are not compromised. We will require all of our suppliers to meet our environmental, sustainability, equality and ethical standards, as well as any legislative requirements including Health and Safety, General Data Protection Regulations (GDPR) and the prevention of modern slavery and human trafficking.

Procurement values

The central procurement team has set its values high to support its aims of becoming an operation of excellence. These values will be delivered using Specific, Measurable, Achievable, Realistic and Time-bound (SMART) goals and are built on recognised best practice commercial principles.

We aim to:

- a) Adopt partnership principles when working with both internal and external stakeholders to foster innovative and collaborative relationships.
- b) Employ procurement professionals who adopt a flexible approach to both sourcing requirements and helping internal stakeholders get the best value from supply chain and sourcing decisions.
- c) Endeavour to understand internal stakeholder needs and work closely with them, providing timely advice that helps avoid problems with suppliers and ensures compliance with regulatory or university governance requirements.
- d) Work closely with internal stakeholders to help create agility in contract arrangements where appropriate.
- e) Focus on maximising value for money and not simply minimising costs, thereby ensuring internal stakeholders optimise their sourcing decisions.
- f) Establish and mandate use of central contracts where appropriate, which are clear, efficient and robust to purchase from, and provide clear evidence of best value for the university.

Complementing these key commercial principles are a number of equally important non-commercial principles that ensure the university, its suppliers and its partners maintain the highest standards of ethical behaviour. The central procurement team's work will include:

- Development of guidance notes for staff involved in purchasing which outlines the university's legislative obligations and institutional requirements and commitments.
- Introduce the necessary due diligence processes for ensuring suppliers actively support the university's own socio-economic, equality and sustainability policies as well as complying with national minimum wage, sustainability, equality, health and safety and modern slavery regulations.
- Developing assurance of General Data Protection Regulations (GDPR) compliance through the university's supply chain,
- Maintaining, in collaboration with Finance colleagues, appropriate measures within contracts for anti-fraud and associated governance, as well as identifying and reporting incidents of corruption or anti-competitive behaviour within the supply chain, the university, or its partners.

- Building strong collaborative relationships with the local community and local businesses to generate sustainable and measurable positive social impact improvements.
- Establishing robust and effective procurement policies, practices and guidance, supported by relevant training, for those who influence procurement decisions and those who undertake procurement across the university.

Supporting faculties and directorates

The procurement function will support DMU's faculties and directorates through the adoption of a proportionate and flexible sourcing policy. This will support an agile process where they will have higher levels of autonomy for low value and low risk requirements, whilst also being able to call on the central procurement team as a trusted commercial advisor.

We aim to:

- Introduce a structured category management approach to the procurement of goods and services, which applies best practice tools, techniques and strategies aligned to the university's needs.
- Develop flexible systems and processes that empower authorised individuals in their procurement and sourcing activity to levels commensurate with value and risk.
- Provide effective procurement training, guidance and template documentation.
- Provide contract management support, training, guidance and template documentation.
- Encourage adoption of a two-way early engagement policy, so that both the procurement team and specialists in the faculties and directorates can contribute and add value to the planning and sourcing process.
- Encourage faculties and directorates to seek early engagement of the procurement team to provide post contract support and early resolution of service-level issues.
- Introduce a mechanism for faculties and directorates to provide feedback that supports continuous improvement of the procurement function.

Effective collaboration

Procurement collaboration in the higher education sector is well established, with a number of purchasing consortia developing valuable procurement solutions for the sector. DMU's central procurement team will proactively seek wider involvement in collaborative activities to both meet the university's commercial needs and to support local economic growth.

Our vision, in line with the DMU Strategic Plan is that effective collaboration will support post-study success in the professional and personal lives of our students and help generate a vibrant and dynamic local economy that supports small, medium and large businesses.

We aim to:

- Enhance our commercial awareness and knowledge of sector, regional and national level supply chain issues and identify key areas of spend where real value can be gained from collaborative agreements and DMU led initiatives.
- Proactively influence the future design and shape of collaborative framework agreements to meet the sourcing needs of the university most effectively.

- c) Leverage enhanced spending power from collaboration to enable the purchase of goods, works and services at prices that would normally not be achievable independently.
- d) Collaborate with local partners to encourage and support the local community in fulfilling its economic potential.
- e) Work with our partners to engage with local businesses and to introduce supply chain initiatives that support local work experience and employment opportunities for DMU and partner institution students.
- f) Continue our work with DMU Local to provide suppliers with opportunities to sponsor, support and partner DMU in strategic initiatives.

Measuring performance

We will use a number of tools to measure and report performance. These will include:

- a) The Procurement Maturity Assessment Plus (PMA+) scheme for Higher Education, managed by Southern Universities Purchasing Consortium (SUPC).
- b) The Higher Education Sector's Procurement Value Survey (PVS) and Procurement Practice Indicators (PPIs) in addition to their respective preceding Efficiency Measurement Model (EMM) and Best Practice Indicators (BPIs).
- c) The university's Professional Services Quality Survey (PSQS).
- d) Value for money (VFM) and single supplier action / exception reporting to Audit Committee and Governors.
- e) A procurement savings register and agreed methodology.
- f) The Flexible Framework.

Key Performance Indicators:

Relationship management

- Effective and engaged relationship with faculties and directorates
- Steadily increasing adoption of two-way early engagement in school and department procurements

Operational

- Increased use of collaborative frameworks with measurable efficiency savings
- New collaboration initiatives led by the procurement team
- Number of single supplier actions / exceptions
- Availability of effective procurement policy and support material

Strategic

- Level of Procurement Maturity as assessed by SUPC

- Levels of spend with the local SME supply base
- External recognition of functional excellence
- Delivery of savings
- Contributing to the university's Flexible Framework targets

Key Performance Targets:

Relationship management

- Consistently high levels of service quality assessed through the PSQS using the 2016-17 rating of 53% as a baseline for improvement
 - Over 70 percent of respondents rating either excellent or good for overall satisfaction by the end of the FY 2018/2019
 - Over 80 percent of respondents rating either excellent or good for overall satisfaction by the end of the financial year 2019/2020
- New collaboration arrangements established and delivering benefits – measures to be developed

Operational

- Category management structure established and effective with documented plans in operation for all categories by the end of the FY 2019/2020
- Robust and effective procurement policies, procedures, templates and training established by summer 2019
- Sustained reductions in the number of single supplier actions / exceptions in respect of number, and value by percentage of total spend, using reporting year 2017/18 as the baseline

Strategic

- Assessed level of Procurement Maturity by SUPC at Tactical by September 2019 and Planned by Spring 2021
- Shortlisting for a respected award in procurement excellence by the end of the FY 2019/2020
- Consistent achievement of Procurement Practice Indicator (PPI) targets (see figure 2, below)
- Assessed procurement measures that contribute to achieving the university's overall Flexible Framework intentions of achieving Level 3 by September 2019 and Level 4 by March 2021

Figure 2: Procurement Practice Indicators and baselines¹

| | Efficiency | PPI Target | DMU 2016/17 Baseline | | Effectiveness | PPI Target | DMU 2016/17 Baseline |
|---|--|-------------------|-----------------------------|---|--|-------------------|-----------------------------|
| 1 | Total cost of procurement function as a percentage of impactable spend | 0.6% | 0.65% | 4 | Percentage of impactable spend actively influenced by procurement function | 95% | 87% |
| 2 | Percentage of impactable spend channelled through collaborative procurement arrangements | 30% | 18% | 5 | Annual procurement savings as percentage of impactable spend | 3.5% | 3% |
| 3 | Percentage of impactable spend with SME's | N/A | Not measured | 6 | Impact of the procurement function on value for students | N/A | Not measured |

¹ 6 BPI's with sector based targets were replaced by 6 PPI's in September 2018, with PPI's 1, 2, 4, and 5 remaining, and 3 and 6 being new, and meaning they have no baselines. DMU targets for PPI's 1, 2, 4, and 5 are based upon pre September 2018 BPI sector based targets