

Keele University
Procurement Strategy

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Issue 1

<u>Contents</u>	<u>Page</u>
1 Introduction	3
2 Strategic Objectives	3
3 Strategy Development and Review	3
4 Best Practice	4
5 Procurement Skills and Training	4
6 Analysis of External Expenditure	5
7 Measuring Performance in Procurement	5
8 Major Purchases	5
9 Tender and Quotation Thresholds	6
10 Procurement of General Goods and Services	6
11 Procurement Procedures Manual	7
12 Systems	8

1

Introduction

The University operates a decentralised Procurement system that is overseen by the Procurement Section of the Finance Department.

Total non pay spend for the year 2002/2003, which could be influenced by the Procurement Section, was approx £20M or 50% of total expenditure.

This expenditure is authorised by approximately 30 Heads of Departments or is delegated appropriately. The number of staff authorised to raise orders is now standing at approximately 200 with many more who directly influence or specify procurement requirements.

Keele Facilities Management operates separate purchasing procedures and has independent ordering systems. However, use of the Keele contracts should be utilised wherever possible to ensure best value is being achieved.

In some sections procurement responsibility represents only a small and peripheral part of the core activity, but for others it is considered to be a core activity within their role. Regardless of the level of procurement responsibility it is critical that suppliers of goods and services meet and exceed the University's requirements and that communication is maintained at all times.

It is important, with the above in mind, that these varying levels of staff involvement can be placed within an overall strategy that recognises and accommodates the different styles of approach, ensuring that efforts to improve procurement performance are applied to areas that will achieve best value.

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Strategic Objectives

The aim of the Procurement Section is to make a recognised and measurable cost effective contribution to the success of the university and the achievement of its strategic aims. The Procurement Section will work to become a recognised centre of expertise in external resource management.

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Strategy Development and Review

The development of the Procurement Strategy is the responsibility of the Procurement Working Party, and receives the support of and endorsement by the Finance Sub-Committee and senior management. Overall the Procurement Working Party monitors performance against the Strategy. It is important that all staff involved in procurement should have access to and understand the Procurement Strategy, and be able to contribute to its development through the membership of the Procurement Working Party.

4 Best Practice

Keele University's Procurement Policy and Procedures state that budget holders shall obtain the supply of all goods, supplies and services of the optimum quality and quantity at the lowest delivered price at the time they are required regardless of the source of funds.

Wherever possible, procurement practices should be compared with best practice within the university sector and the public and private sectors generally. Keele is receptive to innovative changes where these are likely to be beneficial, particularly with regard to improvements in procurement processes and practice.

5 Procurement Skills and Training

Staff involved in procurement – Staff involved in procurement within the Procurement Section and beyond should be given the opportunity to improve their procurement skills through continuous training and working to clear published procedures and guidelines. They will be active in understanding and working to satisfy the requirements of internal customers, meeting regularly with customers and suppliers to ensure best value is being achieved and to continually improve procurement practice.

The Procurement Manager will be a qualified member of the Chartered Institute of Purchasing and Supply (CIPS) via the examination route. The Procurement Manager will also determine the appropriate level of NVQ training and procurement skill development for staff outside the procurement section that are involved in a significant level of expenditure with outside suppliers.

The university will maintain a record of the number and location of NVQ trained purchasers throughout the university and set targets and monitor progress towards an appropriate level of competence achievement.

End Users – The internal customers who are the end users of the services of procurement will be in a position to specify requirements to ensure a right first time service is provided.

Suppliers – The range of suppliers used will be able to meet our requirements in terms of quality, delivery, service, responsiveness, and contribution to innovation and value for money. Procurement staff will work with these suppliers as partners not adversaries with the emphasis clearly placed on ensuring that the university's requirements and the suppliers capabilities are clearly understood, that best value for money is obtained and all unnecessary costs eliminated.

Supplier performance will be monitored against pre-determined, clear and agreed criteria set out in the contract. Self-measurement by suppliers is encouraged, providing the data is periodically tested by sampling. Input from end users is critical, especially when it is obtained systematically.

6 Analysis of External Expenditure

The Procurement Working Party will report to the university's senior management through the Finance Sub-Committee and will examine the proportion of annual expenditure paid to external resource providers. Consideration will be given to the appropriateness of central and devolved control and application of trained procurement staff. Alternative approaches will be considered for areas of major expenditure in terms of total cost, risk or strategic impact to the university.

Progressive targets will be set and the progress monitored to bring all expenditure on external resources under the control of staff, inside the procurement office or beyond, who have appropriate levels of skill development.

The Procurement Working Party will need to fully understand departmental requirements, current working practices and review procurement mechanisms by holding meetings with departmental co-ordinators/ office managers on a regular basis.

7 Measuring Performance in Procurement

Performance will be measured by the Procurement Manager against criteria and targets agreed by the Procurement Working Party. The results will be presented in an annual report to the Finance Sub-Committee.

The Procurement Working Party will set demanding but realistic targets for procurement improvements, both financial and organisational. Most of these targets will be measurable year-by-year to demonstrate performance trends; others will be one-off project-specific objectives.

8 Major Purchases

The Procurement Manager will maintain a register of all tenders over £25,000 and will oversee all projects that exceed the tendering thresholds in the European Union Procurement Directives. The Procurement Manager on behalf of the Vice Chancellor of the university will ensure compliance with the EU Procurement Directives.

The Procurement Section will be informed of major projects involving significant external expenditure at an early stage. This will enable the appropriate input to investment appraisal and whole life costing analysis to be made in a timely and effective manner.

The Procurement Section will be able to advise on the level of specification detail appropriate and refer to earlier examples of similar projects. Timely involvement will enable a constructive 'value engineering' process to be carried out to identify and examine the critical parts of the specification and ensure that these are clearly understood and stated. Even when the end user may feel that the project is so specialised that the Procurement Section will have nothing to contribute, the decision on this must be left to the Procurement Manager. Procurement Sections have a well-developed network of information sharing across a wide section of commodities.

Grant applications – If the Procurement Section is not involved in the project before the application is submitted, the Office of Research and Development must inform the Procurement Manager at the time of application. This allows the correct decision to be made as to whether to go out to tender in parallel with the application consideration and approval period, or at least to carry out the necessary preparatory work to enable the competitive tendering process to be initiated.

Targets will be set and regular reports made on the number of competitive tenders conducted and level of contribution of the Procurement Section to the project or grant application success and the value for money benefits achieved.

9 Tender and Quotation Thresholds

For proposed external expenditure with anticipated values of £25,000 a formal tendering process must be used. The Procurement Section can provide this service or the procedures defined on the Procurement Web page can be followed.

10 Procurement of General Goods and Services

Aggregation will be used wherever appropriate to maximise procurement power and attractiveness to suppliers. Maximum use will be made of National, Regional or Consortium Agreements to avoid duplication of effort and dilution of benefit. Where these agreements are not found to provide best value for money, notice of this should be given to the Procurement Manager who will take the necessary action.

Orders should only be placed with approved suppliers. Where these suppliers are found not to provide best value for money, notice of this should be given to the Procurement Manager who will take the necessary action.

All purchases of goods and services must be correctly and appropriately authorised. If this rule is broken, the university may hold the individual concerned personally liable for payment of the costs incurred.

The Procurement Section will promulgate information on these and local agreements as widely as appropriate within the university and make sure that they are readily accessible to and useable by the staff that needs them throughout the university.

Improvements to the cost-effectiveness of the procurement process shall be sought by:

- a) Developing procurement procedures that devolve procurement decision-making to the point closest to the end user, paying due regard to financial probity, the relative importance and value of the goods or services purchased, and the skill level of the purchaser.
- b) Developing procurement procedures and systems that, as far as possible, minimise the workload, eliminate non-value added tasks and remove duplication for all of those involved in the procurement process.
- c) Identifying those goods and services that would benefit from a more concentrated application of procurement resource and skills. Generally, these procurements will be a relatively high overall cost or strategic importance to individual departments or to the university as a whole, or are of high overall cost when requirements are consolidated across the university, or require specialised knowledge to comply with EU procurement regulations.

Responsibility for procuring high cost/strategic goods and services should be carried out by the lead departmental buyer who will receive full professional, and in the case of EU tenders, administrative support of the Procurement Section. In some cases, e.g. university wide procurement, the Procurement Section should assume overall responsibility, seeking technical advice where required from end users with the correct skills ensuring a teamwork approach. A considerable amount of time and resources will be invested in these projects; therefore, the use of such contracts should be compulsory throughout the university unless the Procurement Section determines otherwise.

11 Procurement Procedures Manual

The Procurement Manager will write, review and maintain a Procurement Manual containing detailed guidance, both mandatory and where appropriate, advisory on all necessary parts of the process of working successfully with external suppliers. This document will be issued under the authority of the institution's governing body and the procedures defined in it will be subject to audit.

12 Systems

The University Computerised Procurement System should have the capability of being able to integrate effectively with new technology, especially in the development of E-Procurement. Regular reviews/maintenance will be carried out to ensure the systems are effective and efficient.