



LUPC

ANNUAL REVIEW
2014-2015

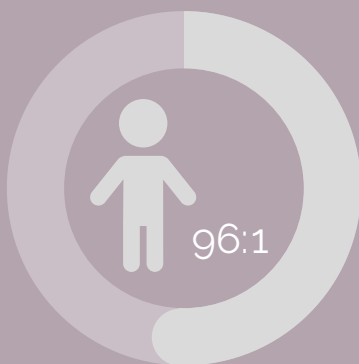
Summary of Results

Average return on investment per Member

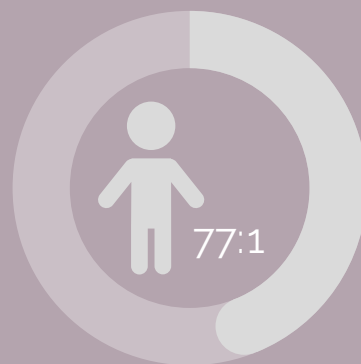
Comparing every £1 of membership fee against every £1 of savings made



2014-15



2013-14



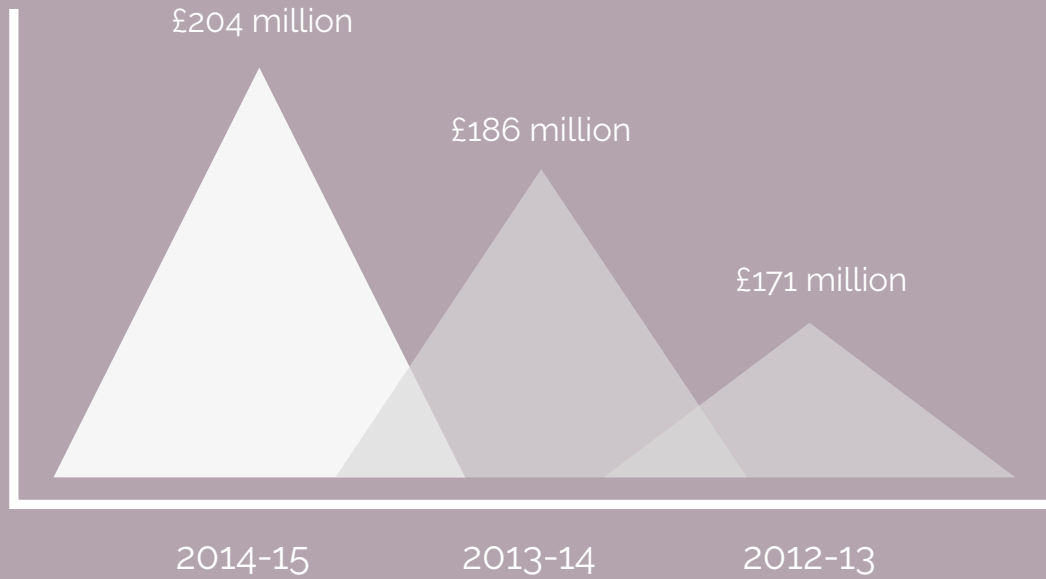
2012-13

“It is always reassuring to have the support and guidance of LUPC’s professional team behind us. They continue to demonstrate a high level of knowledge in the complex area of procurement legislation and guide us through the maze with good humour and common sense.”

Helen Ward, Collections Manager, Kingston University

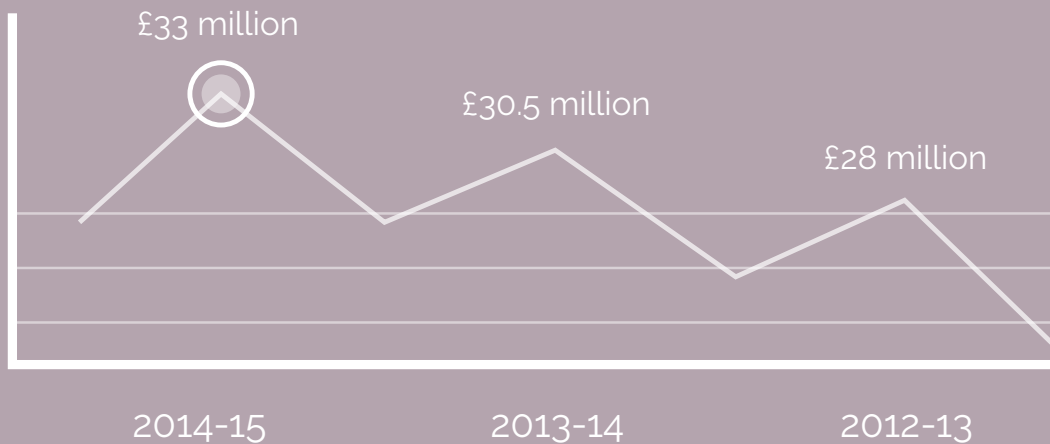
Consortium expenditure

Total Member spend through our agreements



Member savings

Collaborative savings figures



Chair's Report

I have very much enjoyed my first full year as Chair of LUPC.

It is a source of great personal satisfaction for me to see our genuinely Member-owned and led organisation progress as a direct result of the hard work and dedication of our Members, staff, suppliers and partners.

LUPC's achievements this year have seen:

- Success in our programme of activities designed to encourage greater take-up of our collaborative supply agreements, with benefits for Members both in quality and savings;



Director's Report

Through our programme of Member activities, I am pleased to report that we were able to sustain and build upon our very rapid rate of growth in the take-up of our collaborative supply agreements during the year.

Our Members spent **£204m** (13/14 £186m) through LUPC agreements, an increase of 10% year-on-year, saving **£33m** (13/14 £30.5m) in the process. Members have access to over 100 competitive supply agreements and with membership subscriptions substantially reduced once again for 2015-16, our Members' average return on investment is now well in excess of **100:1** (13/14 96:1).



New Agreements

“Our new Estates
Maintenance agreement
incorporates provision
for minor works up
to £500k, in direct
response to requests
from Members”





The year saw the award of the consortium's latest framework agreement for Estates Maintenance Services, following LUPC's first ground-breaking deal in 2011. For the first time, this mammoth regional agreement, open to LUPC Members and other universities and colleges based in London and south-east England, incorporates the provision of minor works up to £500,000 in value, in direct response to requests from our Members.

The new five-year framework agreement is split into six lots covering estates maintenance and minor works (large and small); mechanical and electrical maintenance; water management services; and minor works (large and small). It was developed by a Member-led project team with expert input from both procurement and estates professionals at Goldsmiths, Royal Holloway, the Museum of London, Royal College of Art, Courtauld Institute of Art, Royal Botanic Gardens, Kew, Institute of Cancer Research and Barnet & Southgate College.

LUPC ran a free launch event for Members in October at the Museum of London, giving Members an opportunity to meet the approved suppliers and attend presentations on how to use the framework.

For more information about the Estates Maintenance & Minor

Works agreement, contact Suzanne Stokes at s.stokes@lupc.ac.uk.

We also awarded the latest incarnation of our ever-popular, multi-million pound national framework agreement for office supplies and computer consumables this year, this time with extra provision for library supplies. Once again, the project was overseen by colleagues in the National Working Party for Computer & Stationery Supplies (NWPCSS).

Suppliers are arranged in three lots, allowing Members more freedom to choose, and we have continued our cost-plus pricing policy in this spend category, a practice we introduced with great success in 2011.

Under this arrangement, our suppliers have priced every item in their catalogue, offering competitive pricing in every product group and not just those in a basket, or core list of products. This involved a monumental data management task during the competitive process, a challenge that tested the LUPC team's skills and technology, but one which they met with great efficiency and professionalism.

To find out more about the Office Supplies, Computer Consumables and Library Supplies agreement, contact Darran Whatley at d.whatley@lupc.ac.uk.

Reaching New Heights:

LUPC's Corporate
Strategy 2015-18

“We'll develop
relationships with
influencers in Member
institutions to deliver
agreements that best
meet a wide range
of requirements”



Royal Botanic Gardens, Kew



Our greatest success story has been getting better value from Members' procurement spend. In the last five years alone, we've helped Members save £135m through our agreements. In our new strategy, we've set out six objectives to deliver leadership for effective, sustainable procurement over the next three years:

Help Members get better value from their procurement by channelling more expenditure through our agreements.
We'll continue to support Members in delivering their procurement strategies through effective collaborative arrangements. This includes making the drivers for agreement take-up more attractive, increasing their breadth and the value for money they represent.

Find new ways to broaden take-up of our agreements.
In partnership with procurement teams, we'll develop relationships with influencers in Member institutions to deliver agreements that best meet a wide range of requirements.

Collaborate ever more closely with our sister consortia.
As a member of Procurement England Ltd (PEL), LUPC is working towards a set of joint strategic aims across England's HE purchasing consortia. These include negotiating more collaborative agreements; making them easier to use; and moving from contract to category management.

Increase our support for Members' procurement activities.

We'll develop our procurement consultancy beyond running 'mini-competitions' to other short-term assignments. We'll support Members' "make-or-buy" decision-making by bringing together those currently undertaking and considering outsourcing, to share outcomes and expertise. And we'll establish a new shared service for Members without in-house procurement teams.

Enhance our Members' appeal to their students, service-users and visitors through procurement.

In the HE sector, this will involve engaging with students to improve our sustainable procurement policy and strategy; helping spot and fill vacancies with our key suppliers for graduates; and recruiting new graduates to train as future commercial professionals .

Make ethical trading and sustainability available to our Members.

Reflecting the values of our Members, we will demonstrate leadership in ethical trading and sustainability by reaching Level Five of the sustainable procurement Flexible Framework; actively supporting responsible outsourcing; partnering with the Ethical Trading Initiative and Electronics Watch; and enabling small and medium-sized businesses to compete for our agreements.

For more information about our corporate strategy, visit www.lupc.ac.uk

Shared Procurement Service

Ensemble Purchasing

The Royal Academy of Music is one of the first Members to sign up for LUPC's Shared Procurement Service.

"LUPC's proposals for the Shared Procurement Service struck a chord with us right from the outset. Our spend may be modest compared to larger higher education institutions, but in fact our needs are really quite complex. We have important commercial and supplier relationships that are vital to our operations and require careful, professional management, while our international reputation means that we need our suppliers and contractors to perform at their utmost.

"It would be difficult for the Royal Academy of Music to employ a dedicated procurement resource on its own, let alone worry about training, development and so on, so it makes a great deal of sense to come together with other London-based, like-minded institutions. And because they are operating out of LUPC's central London headquarters, our professionals will never be too far away when we need them.

"As a Member of LUPC, we've come to expect excellent value and high quality, so we will demand nothing less from this service."

Judith Barber, Director of Finance,
Royal Academy of Music



In January 2016, our brand new partnership solution offering a complete, longer-term, shared procurement service to participating Members will open for business, with the opportunity for other institutions to join at a later date. This will be a “first-in-sector” for higher education – a genuinely low-cost, non-profit, professional shared service, owned and controlled by its Members.

Collectively, smaller higher education institutions in London spend around £200m a year on goods and services. Meeting these needs, selecting the right commercial partners and managing key relationships requires professional help but, until now, smaller Members haven’t been able to justify getting enough high quality support with this activity, or to navigate the recruitment challenges. When acting in concert, however, the business case becomes far more compelling.

Between them, the founding Members of the Shared Procurement Service share a joint aim – to acquire professional procurement support at a price they can afford. Good quality procurement people are in short supply, even in London. Our aim is that the Service will supply a sustainable, high-quality, professional and economical procurement service in the city at less than £350 a day. And because it’ll be a cost sharing group – owned and controlled by its Members – there won’t be any VAT to pay.

Our Shared Procurement Service, Ensemble Purchasing, will offer:

- Professional procurement management for areas of spend selected by each Member, commensurate with a “superior” specialist procurement organisation;
- Improved supplier relationship management, contract management and risk management;
- Demand management and cost reduction programmes;

- Regular spend and benefits reporting;
- An improved sustainability profile;
- The opportunity to up-skill managers in procurement, contract management and other commercial disciplines;
- Assured continuity of service and freedom from the burden of staffing and managing a stand-alone procurement function at a fraction of the cost; and
- A tax-efficient partnership solution.

The Service will operate as a non-profit company under the complete control of its Members – who will each have a seat on the Board. We believe the relationship between client and professional will be akin to how consultancies operate, but with a different business model where the Members pay a ‘flat’ fee depending on the amount of regular support they need. Our professionals will treat their Members as clients, working under their instructions, preparing plans and work for their clients’ approval according to their needs.

We believe that the Service will be of particular interest to smaller institutions. LUPC will provide management services to the Service at low cost – leadership and management of the fledgling team; HR; payroll; training; budgetary management; and – initially at least – office accommodation. After set-up costs, the Service will be cost-neutral for LUPC.

We envisage that the Service would be established on a small scale in the first year, with the commitment of up to four Members and the recruitment of up to two procurement professionals working out of LUPC’s offices, visiting the Members on a regular basis.

The cost-sharing group – established as a company limited by guarantee – will allow new Members to join from time-to-time, financing growth and increasing capability.

Procurement England Limited



“Over £568m of efficiency cost savings from procurement have been made between 2011/12 and 2014/15”



Procurement England Ltd (PEL) was created to support higher education procurement in England, and to maximise the value that England's purchasing consortia provide to the sector.

PEL acts as a virtual body without any of its own staff, budget or other resources. And it's important to understand that PEL is a vehicle for achieving greater efficiency within procurement; as always, the hard work is done by our Members. PEL, however, is a formalised commitment by sector leaders to support institutions in developing the power of collaborative procurement.

PEL is working to strengthen collaborative procurement in the sector by transitioning from contract to category management, looking at ways to make our agreements easier to use, and exploring partnerships with the wider public sector. PEL consortia have supported the sector in making considerable progress towards our collaborative procurement goals and delivering savings since the 2011 Diamond Report was published.

The follow-up report, *Efficiency, Effectiveness and Value for Money*, published in February 2015 estimated that 25.7% of non-pay spend is currently being run through collaborative procurement

mechanisms – well on the way to the 30% target by 2016. Great successes have resulted from these collaborative procurement exercises: over £568m of efficiency cost savings from procurement have been made between 2011/12 and 2014/15.

In addition, the Procurement Maturity Assessment programme has shown continuous improvement of sector-wide scores in each category of assessment since 2010/11, and has brought about benefits to LUPC Members outside the HE sector.

PEL is now moving forward with an ambitious plan to meet key objectives that support the sector. We are aligning consortium data analysis to provide better information which will inform consortia decisions to support Members. PEL has embarked on a systematic category analysis based on consortia Member spend data to identify possible additional areas that would benefit from collaborative agreements.

This has resulted in category trees and national category strategies being formulated with Members in ICT, STEMed and Estates categories, with more following in their wake. It is these strategies that will inform our co-ordinated, national contracting plan and maximise our Members' return from consortia resources.

Modern Slavery Act 2015



LUPC is committed to acquiring goods and services for its Members without causing harm to others. In so doing, LUPC supports the UK Government’s action plan to implement the UN Guiding Principles on Business and Human Rights.

Our Slavery and Human Rights Statement is designed to satisfy the requirements of Part 6 of the Modern Slavery Act 2015, by informing our Members, students, staff, campaigners and the public about LUPC and its policy with respect to modern slavery, human trafficking, forced and bonded labour and labour rights violations in its supply chains.

Although, as a business, LUPC turns over far less than the threshold for businesses required to publish a statement under the Act, LUPC’s Board considers that our Members’ collective agreement spend (around £200m annually) warrants a statement on the risks inherent in our supply chains and the steps we are taking to address them, in line with LUPC’s pioneering practices in sustainable and responsible procurement.

Our categories

The principal categories that carry material risks for LUPC are office supplies, laboratory consumables, ICT equipment and some estates services, such as cleaning and security services.

“LUPC is committed to acquiring goods and services for its Members without causing harm to others”

Office supplies and laboratory consumables

LUPC leads in the procurement of office supplies for UK higher education institutions and other Members. A wide range of products are supplied, many of which are sourced by our distributors from producers in low-cost countries in south and south-east Asia, Africa and South America, countries where modern forms of slavery are prevalent.

Many of our suppliers in these higher-risk categories have committed to the Base Code of the Ethical Trading Initiative (ETI) and we are working to persuade our remaining suppliers in these categories to join them. The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice, requiring (amongst other principles) that employment is freely chosen and living wages are paid.

ICT equipment

In 2014, LUPC became a founding member of Electronics Watch, an independent monitoring organisation working to achieve respect for labour rights in the global electronics industry through socially responsible public purchasing in Europe.

With Electronics Watch, LUPC is seeking to work with suppliers of ICT equipment to commit to new effective and transparent monitoring regimes. This includes the new consortia Apple products agreement to be awarded in 2016, and the next iteration of the National Desktop and Notebook Agreement, to be tendered by LUPC in 2017.

Cleaning and security services

LUPC offers a regional agreement for cleaning and security services, a category where operatives are traditionally among the lower paid. LUPC perceives a medium-level risk to workers in these supply chains.

Our agreement is due to be re-tendered in 2016 and, under new clauses to be introduced into our contracts, suppliers will be required to demonstrate their ongoing commitment to the ETI Base Code, the International Code of Conduct for Private Security Service Providers (ICOC) and to ensuring that they take steps on our behalf to guard against modern slavery, human trafficking, forced and bonded labour and labour rights violations in this supply chain.

Our partnership with the BHRE

LUPC has partnered with academics at the Business, Human Rights & the Environment Research Group (BHRE) in the School of Law at the University of Greenwich, led by Dr Olga Martin-Ortega, who was elected to the LUPC Board in 2015. Together we are organising stakeholder events, initially to sensitise and promote awareness of the risks of the electronics supply chain among public procurement professionals.

In November 2015, LUPC and the BHRE together attended the UN Annual Forum on Business and Human Rights in Geneva and the first Learning Lab on Public Procurement and Human Rights.

In December 2015, LUPC and the BHRE jointly organised the Socially Responsible Public Procurement of Electronics Goods Symposium at the University of Greenwich.

Our plans for the future

LUPC is committed to better understanding its supply chains and improving conditions for those people working in them. We will work with our suppliers to encourage more of them to commit to the ETI Base Code. Working with groups like Electronics Watch and People & Planet, we also plan to map out all those supply chains which represent a medium- to high-risk of modern slavery, human trafficking, forced and bonded labour and labour rights violations.



Accounts 2014-2015

Income and Expenditure Account for the Year Ended 31 July 2015

	2015		2014	
	£	£	£	£
Turnover		1,024,872		1,004,637
Staff costs	512,815		492,248	
Depreciation	11,897		1,740	
Other operating charges	<u>426,878</u>		<u>360,362</u>	
		<u>951,590</u>		<u>854,350</u>
Operating surplus		73,282		150,287
Interest Receivable and similar income		<u>3,335</u>		<u>3,530</u>
Surplus on ordinary activities before taxation		76,617		153,817
Tax On surplus on ordinary activities		<u>16,089</u>		<u>31,491</u>
Surplus for the financial year		<u>60,528</u>		<u>122,326</u>

Directors' Statement

The Income and Expenditure Account and Balance Sheet set out on these pages are extracts from the full statutory accounts which were approved by the Directors on 8 December 2015 and on which the auditors have given an unqualified opinion. The statutory accounts, which should be consulted for a full understanding of the financial affairs of the company, will be submitted to the Registrar of Companies.

Balance Sheet

31 July 2015

	2015		2014	
	£	£	£	£
Fixed assets				
Tangible assets		37,572		47,107
Current assets				
Debtors	395,747		395,747	
Cash at bank and in hand	<u>564,682</u>		<u>532,549</u>	
	961,889		928,296	
Creditors				
Amounts falling due within one year	<u>102,868</u>		<u>138,080</u>	
Net current assets		<u>859,031</u>		<u>790,216</u>
Total assets less current liabilities		<u>896,603</u>		<u>837,323</u>
Provisions for liabilities		<u>4,994</u>		<u>6,242</u>
Net assets		<u>891,609</u>		<u>831,081</u>
Reserves				
Income and Expenditure account		<u>891,609</u>		<u>831,081</u>
		<u>831,081</u>		<u>708,755</u>

Auditors' Statement

We have examined the Income and Expenditure Account and Balance Sheet set out on these pages and confirm that these statements have been accurately extracted from the full statutory accounts for the year ended 31 July 2015.

Knox Cropper, Chartered Accountants
8/9 Well Court London EC4M 9DN

Members 2015

Full Members

Aga Khan Foundation UK (part of IIS)
Birkbeck College
British Academy of Management
British Council
British Film Institute
British Library
British Museum
Centre for Applied Science & Technology (CAST)
CITB - ConstructionSkills
Clinical Practice Research Datalink (CPRD - part of MHRA)
Equality Challenge Unit
Francis Crick Institute
Goldsmiths, University of London
Heythrop College
Horniman Museum & Gardens
Imperial War Museum
Institute of Cancer Research
Institute for the Study of Muslim Civilisations (part of IIS)
Institute of Zoology
International Students House
iQ Student Accommodation (part of Wellcome Trust)
Jisc
Kingston University
London Academy of Music & Dramatic Art
London Ambulance Service NHS Trust
London Business School
London Metropolitan University
London School of Economics & Political Science
London School of Hygiene & Tropical Medicine
London South Bank University
Medicines & Healthcare products Regulatory Agency (MHRA)
Museum of London
NatCen Social Research
National Archives
National Institute for Biological Standards & Control (NIBSC - part of MHRA)
National Portrait Gallery
National Theatre
Natural History Museum
NHS Blood & Transplant
Public Health England (incl HPA)
Queen Mary University of London
Ravensbourne
Regent's University London
Richmond University
Royal Academy of Music

Board Members

Dr Andrew Young (Chair)

Chief Operating Officer
London School of Economics & Political Science

Azim Sachedina (Deputy Chair)

Head of Financial Operations & Systems
Kingston University

Emma Bull

Acting Chief Operating Officer
Queen Mary University of London

Andy Davies

Director
LUPC

Andy Farrell

Chief Financial Officer
(until 30 September 2015)
London School of Economics & Political Science

Neil Greenwood

Director of Finance
Natural History Museum

Habte Hagos

(until 5 March 2015)
Director of Finance & Estates
Institute of Education

John Headley

(from 12 June 2015)
Director of Finance
University of East London

Dr Olga Martin-Ortega

(from 8 July 2015)
Reader in Public International Law
University of Greenwich

Board & Executive Committee Members

Royal Botanic Gardens, Kew
 Royal Central School of Speech
 & Drama
 Royal College of Anaesthetists
 Royal College of Art
 Royal College of Music
 Royal College of General Practitioners
 Royal College of Surgeons of England
 Royal Holloway, University of London
 Royal Veterinary College
 School of Oriental & African Studies
 Science Museum Group
 South West London & St George's
 Mental Health NHS Trust
 St George's, University of London
 Tate
 The Courtauld Institute of Art
 The Institute of Ismaili Studies (IIS)

The National Gallery
 Trinity College London
 Trinity Laban Conservatoire of
 Music & Dance
 UK Shared Business Services Ltd
 Universities UK
 University of East London
 University of Greenwich
 University of London
 University of the Arts London
 University of Westminster
 Victoria & Albert Museum
 Wellcome Trust

**Further Education
 Associate Members**

Barking & Dagenham College
 Barnet & Southgate College

Bromley College
 Carshalton College
 City & Islington College
 City Literary Institute
 City of Westminster College
 Creative Process
 Croydon College
 Ealing, Hammersmith &
 West London College
 Guildford College
 Hackney Community College
 Harrow College
 Havering College of Further
 & Higher Education
 KCollege
 Kensington & Chelsea College
 Kingston College

Lambeth College
 Lewisham College incorp
 Southwark College (LeSoCo)
 Morley College
 Newham College of Further Education
 North East Surrey College of Technology
 (NESCOT)
 Redbridge College
 Richmond Adult Community College
 Richmond upon Thames College
 St Paul's School
 South Thames College
 Tower Hamlets College
 University Engineering
 Academy South Bank
 Westminster Adult Education Service
 Westminster Kingsway College
 Woodhouse College
 Working Men's College

Executive Committee Members

Mitch Dagleish

Head of Procurement
 University of Westminster

Andy Davies

Director
 LUPC

Alan Glover

Head of Procurement
 Kingston University

Rob Godfrey

(until July 2015)
 Head of Purchasing
 Queen Mary University of London

Penny Green

Head of Procurement
 London South Bank University

Caroline Heckscher

(from August 2015)
 Procurement Director
 University of London

Alan Hill

Head of Procurement
 Institute of Cancer Research

Colette McArdle

Head of Strategic Procurement Unit
 London Metropolitan University

Joanna McKelvey

(from August 2015)
 Head of Procurement
 & Contract Management
 Royal Botanic Gardens, Kew

Chris Philpott

Purchasing Manager
 University of East London

Sue Weston

Head of Procurement Unit
 Jisc



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