



LUPC
Annual Report
2008 - 2009



'A not-for-profit
professional buying
organisation owned
by its Members, for
its Members.'



Results

Consortium Expenditure	£147.0m	£120.4m
Savings	£26.3m	£18.6m
No of Agreements	49	39
Average Return on Investment	57:1	40:1
Members who would recommend LUPC to a fellow Institution	92%	85% <i>(1997 figure)</i>

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Deputy Chair's Report

Marcus McDonald Royal College of Music



I am proud to present to you LUPC's Annual Report for 2008/09.

Some of you will know that our Chair, Wendy Surridge, who is Secretary and Registrar of the London School of Hygiene and Tropical Medicine, has been away with a long and unfortunate illness and so it falls to me as Deputy Chair to report to you on the Consortium's progress this year. We extend our best wishes to Wendy for a speedy recovery.

Early in the New Year we bade a fond farewell to our Director, John Ritchie, who took early retirement after 13 years of dedicated service. LUPC owes a great deal to John, who built the Consortium into the highly professional, value-generating organisation that it is today. We also welcomed our new Director, Andy Davies, and I know we will benefit from his wealth of experience in collaborative public procurement.

It's in times like these, when our economy is in recession and there is increasing uncertainty about future funding for higher and further education, that skilful, professional procurement becomes more important than ever before. It's fortunate that our Members are part of a well-established, healthy consortium, with access to such a wide range of supply agreements for high quality goods and services, many of which are the envy of the wider public sector.

I believe that LUPC is now ready to build on this platform and that we will take it to the next level of performance, delivering even greater value to our Member Institutions. It's why the LUPC Board ended the year by launching its 10 Point Plan to grow the Consortium and expand its offering into 'green field' areas of spend. This exciting development is set out in greater detail in the Director's Report.

LUPC continues to make a major contribution to effective procurement on the national stage, both as part of the English National Purchasing Consortium for the HE sector and on the wider UK scene. LUPC manages critical supply agreements, particularly in desktops, notebooks and office supplies, which set the standard not just in education, but for the public sector.

Although, strictly speaking, our conference took place in 2009/10, much of the year was spent designing, planning and delivering COUP2009, a high-quality, national purchasing conference and exhibition for the sector hosted by LUPC in September 2009. It was hugely successful and we've been delighted by the very positive reaction we've received to this event.

All of which is down to the sterling efforts of our Director, his staff and members of our Executive Committee and Commodity and Service Groups, who continue to show what great heights can be achieved through collaboration.

Experience has shown that those institutions that collaborate, that pay most attention to their expenditure and that value and manage their relationships with key suppliers and service providers will be the best equipped to weather the storms ahead. As Deputy Chair, I look forward to tackling the challenges that the future holds for LUPC and to delivering even greater value to our Member Institutions.

Marcus McDonald
November 2009

Director's Report

Andy Davies Director LUPC



This is my first report as Director of the Consortium, having been appointed in January 2009 after John Ritchie took early retirement. I am very grateful to John for the sound advice and guidance he gave me during the period of our handover. He will certainly be a tough act to follow.

Our Results

Our results this year speak for themselves. Total expenditure under supply agreements during the year was **£147.0m** (07/08 £120.4m), delivering savings totalling **£26.3m** (07/08 £18.6m). This means that, once again, LUPC is proven to offer excellent value to its Members, yielding an average return on Membership subscriptions of as much as **57:1** (07/08 40:1).

Changing Director meant incurring some extraordinary expenditure this year to meet the one-off costs of recruitment, advertising and the handover period. In addition, our investment income fell with prevailing interest rates and this contributed to a shortfall of around £35,000 for the year. In mitigation, our central office staff were successful in implementing a number of cost-saving measures which helped minimise the deficit.

A New Corporate Strategy for LUPC

I have very much enjoyed my first months as Director and have benefited a great deal from meeting and talking with Members. What was clearly apparent to me from these early discussions was how positively the Consortium is viewed by its Members generally and how much scope there now is to offer Members even greater value from their Membership. It was clear that we needed a new corporate strategy to achieve this.

We began by enhancing the role of the LUPC Board itself. In addition to its statutory functions, the Board now takes a more active role by determining the Consortium's strategic direction. The Board is now noticeably more engaged in discussion and debate around the key issues than has been the case in the past. I am certainly gaining benefit from the clear direction and mandate this gives me in executing our strategy going forward.

In April, for the first time, the LUPC Board set stretching targets for us, setting the direction for the Consortium and helping us to focus on delivering even greater value to our Members. Our performance this year has meant that the targets have had to be revised yet again. Set against our performance in recent years, as detailed below:

In April, the Board endorsed a 10 Point Plan for the Consortium to get us to our goal. It was formulated with input from our Chair, Members of the Board, our Executive Committee, some of our Members and our central office staff.

This is our corporate strategy for the remainder of 2009 and beyond. It will be at the heart of everything we do because it is designed with only one thing in mind: **delivering even better value for our Members.**

	Actual 2006-07	Actual 2007-08	Actual 2008-09	*Next Year 2009-10	*Three Years' Time
Turnover	£436k	£464k	£484k	£550k	£600k
Spend	£116.4m	£120.4m	£147.0m	£170m	£250m
Savings	£18.6m	£18.6m	£26.3m	£30m	£50m
Return on Investment	40:1	40:1	57:1	70:1	90:1

*At 2009 money values

Director's Report

LUPC's 10 Point Plan for 2009-10 and beyond

1 A New Growth Strategy

- Increase the value proposition for our Members through growth
- Grow LUPC in three ways:
 - Grow savings through better use of the contracts and frameworks we already have
 - Expand the portfolio into new areas of spend
 - Attract new Members from neighbouring markets in the arts, sciences and third sector to generate the revenue growth we need
- Retain HE as our core business and open doors to new areas that offer value, revenue growth and prestige.

2 Review Our Business Model

- Review the Membership subscription model and alternative funding models
- Benchmark with other consortia
- Address Member recruitment and retention
- Promote transparency for Members
- Identify secondary and tertiary revenue opportunities
- Reduce costs and increase ROI

3 Launch a New Membership Class

- Rationalise arrangements for access fees and other non-Member contributions
- Launch and market an official Associate Member class
- Limit access to certain framework agreements
- Offer as an intermediate step to full Membership

4 Step-Up Member Engagement

- Address the issues presented by a growing, demanding Membership
- Refresh our website and database
- Increase the flow of punchy, newsy communication electronically
- Focus on the end user and provide new channels for feedback
- Establish Member sub-groups e.g., FE Colleges, museums & galleries
- Run targeted Member events from 2010

5 Prioritise Our Work Programme

- Develop a protocol for deciding what projects we do and when, involving the Executive Committee and Commodity Groups
- Identify projects best led by LUPC and those by Members and co-ordinate with ENPC and Buying Solutions
- Understand the benefits to Members of our activity in the wider public procurement scene
- Withdraw from low- or no-value activities

6 Break into Professional Services

- Survey and understand Member needs in professional services e.g., estates services, banking, audit and occupational health
- Research existing offerings elsewhere in public sector
- Start with legal services
- Recruit a new procurement professional to help deliver the expanded portfolio

7 Deliver Even Better Value

- Improve data reporting for Members and suppliers using individual Savings and Take-Up Reports
- Harness suppliers' marketing power to close the gap between potential and actual savings
- Conduct a spend analysis across the Membership to identify opportunities in new commodity and service areas
- Review our service offering and Member benefits

8 Strive for Social Responsibility

- Develop a Sustainability Policy, Plan and key targets for the Consortium
- Encourage all Members and suppliers to sign up to the Mayor's Green Procurement Code
- Promote equality and diversity toolkits in our tender documentation

9 Run a Successful Conference

- Make COUP2009 bigger and better than ever before
- Make it relevant, vibrant, value-creating and memorable
- Manage the risks, but recognise our best marketing and revenue-generating opportunity in years

10 Embrace Technology

- Advise our Members on eProcurement and Shared Services matters
- Identify further investment potential in eTendering and contract management tools
- Investigate 'Web 2.0' best practice for our Members
- Run more eAuctions in 2009/10

Director's Report

Our Progress

We feel we've made an excellent start implementing the Plan during the last quarter of 2008/09.

A New Growth Strategy

We continue to actively seek new Members to join our Consortium. While the higher education sector remains our core focus, a number of not-for-profit organisations from the arts, sciences, the wider education and Third sectors are now actively considering the benefits of Membership.

JANET(UK), which manages the operation and development of the UK's education and research network, became LUPC's latest Member this year.

Business Model Review

Our most important task in the last quarter of the year was our Business Model Review. In July, following an extensive Member consultation process, the Board approved the adoption of a new business model for LUPC where Membership subscriptions will be supplemented by income from suppliers, to be phased-in over three years commencing on 1 August 2009. This vital additional funding will support the expansion of our portfolio to generate even more value for our Members going forward under the Plan.

Launch a New Membership Class

We now offer a formal Associate class of Membership to not-for-profit organisations who may be members of other consortia or who may operate in other parts of the public sector. Our office supplies and insurance agreements have been particularly

attractive to a number of organisations who enjoy the benefits in return for a contribution to our operating costs.

Step-Up Member Engagement

We've always believed that the best way to engage with Members is by meeting and talking with them and we have continued that programme vigorously this past year.

In addition, we have sought to use the advantages of technology to step up our Member engagement. We're proud of our popular newsletter and feel it has an important role to play, but to complement it this year we launched a new monthly eBulletin through which we can keep in regular contact with all Members by email. This gives us the opportunity to communicate more frequently with Members and engage in a more interactive fashion. We also launched an exclusive LUPC web-based discussion group on LinkedIn.com, the business networking website, exclusively for Members, where people can raise any issue they like and invite fellow Members to join in the discussion and debate.

Prioritise Our Work Programme

The role of our **Executive Committee** also changed under our 10 Point Plan. As procurement professionals, our Exec is ideally placed to provide us with technical direction and to determine the priorities for the central office staff under our work programme going forward. To do this Exec now meets six times annually and also takes decisions in a virtual forum as required from time to time. Exec is already exercising its newly-delegated authority to decide on the Consortium's operational priorities. Since the changes were introduced, Exec has selected projects for the LUPC work programme going forward, ensuring that we make the best use

of the resources we have available to deliver the maximum benefit for Members. The role of Exec chair is now rotated among its members.

We continued to develop and grow our links with other consortia in the HE sector and in the wider public service arena during the year, agreeing new collaborative projects with our peer consortia in the English National Purchasing Consortium (ENPC) and compiling a new combined work programme, enabling us to identify further opportunities for future collaboration.

Our new National Desktop and Notebook Agreement project, one of our cornerstone agreements on which LUPC leads for the sector, was awarded in June following a very thorough and robust evaluation process, as befits a £300m national framework agreement. My congratulations go to LUPC's Mike Kilner and the National Working Party on their achievement. A new national agreement with SUPC for library materials was also awarded and new sourcing strategies were agreed for temporary staff, photocopiers, travel management and the aforementioned legal services project at the direction of the Executive Committee.

Further developments during the year in our portfolio of supply arrangements are detailed elsewhere in this Report.

Break into Professional Services

We've started analysing the professional services area of spend. Initial estimates show that we could save up to £10m a year in this area for Members, which would be well worth committing fresh resources to. In response to demand, we launched a new Legal Services Commodity Group in June with the aim of developing new and improved supply arrangements for our Members. We

Director's Report

expect to invite tenders for a new legal services framework agreement in the winter of 2009.

The Board has recognised that this new activity will require additional resources and in the autumn we will be looking to expand our team of procurement professionals.

Strive for Social Responsibility

This year LUPC formally signed up to the Mayor's Green Procurement Code and after an internal audit LUPC is proud to have achieved the bronze standard for its processes. LUPC also took part in a London Universities Environmental Group (LUEG) forum in which many of our Members actively participate.

In July, the Board approved our new Sustainability Policy and Strategy for the Consortium, covering both our internal operations and our programme of procurement.

Run a Successful Conference

A significant part of our resources this year were channelled into designing, developing, organising and marketing the Conference on University Purchasing (COUP2009), which LUPC hosted at Royal Holloway, University of London in September 2009. Thanks in no small part to our Marketing Manager, Charlotte Reichard, the conference and exhibition were extremely well received and proved to be a commercial success for the Consortium. Further details are given in this year's Marketing and Communication report.

Member Satisfaction

It's important that we understand and measure our Members' reactions to the 10 Point Plan as it is introduced. That's why we issued a high-level satisfaction survey to establish a baseline. It also meant we could benchmark the results with a very similar survey undertaken some years ago. The results were very encouraging and LUPC scored better in every category. For example, 89% now feel that membership of the LUPC adds value to their organisation (up from 70% in 1997) and 92% would recommend LUPC to a fellow institution (up from 85%). This evidence stands testimony to the team's hard work and particularly that of John Ritchie, my predecessor, whose tenure spanned this period.

We remain committed to striving for even better results going forward.

The Wider Perspective

LUPC continues to play a very active role both in the national higher education scene and in the wider public sector.

In energy, LUPC values its partnership with The Energy Consortium (TEC), established for many years as a specialist energy procurement agency in the education sector. This year, several Member Institutions have switched to flexible-priced contracts, thereby making the most of fluctuations in energy market prices.

The Consortium collaborates pro-actively with its three sister consortia that make up the English National Purchasing Consortium (ENPC). ENPC has sought to lever even greater value from collaboration at a national level, sharing expertise and pooling resources on a range of projects to the benefit of higher and further education.

In England, ENPC's collective national agreements are valued at some £225m annually, with LUPC-led agreements accounting for around half of that value. We work with national working parties on a range of commodities, involving procurement and other disciplines from a range of Institutions nationally.

This year, a major new National Desktop and Notebook Agreement (NDNA) has been awarded, which stands as an example of excellence in IT procurement to the entire public sector. As with many national agreements, NDNA also enjoys the support and buy-in of our HE colleagues in Scotland, Wales and Northern Ireland.

ENPC has secured funding from the Higher Education Funding Council for England (HEFCE) to support two value-generating projects. One will provide support to the national working parties, stepping up productivity in this area, while the other will drive forward the national sustainable procurement agenda for the HE and FE sectors.

LUPC also participates in collaborative procurement on the national stage, in support of the Treasury's Operational Efficiency Programme (OEP). During the year, ENPC renewed its marketing agreement with Buying Solutions, the Treasury's pan-Government purchasing consortium to which all HE and FE Institutions have free access. LUPC seeks to avoid duplicating effort by promoting Buying Solutions framework agreements to Members wherever they are shown to offer better value, thereby ensuring that our own limited resources are deployed on projects that offer the best possible return.

The Consortium has built links with purchasing consortia in other sectors, to exchange intelligence, best practice and occasionally collaborate on procurement and developmental projects. Our association with Firebuy, the NHS London Procurement Programme and Capital Ambition have all generated early benefits for Members.

Marketing and Communications

Website

With funding agreed to design a new LUPC website we are currently in the process of putting together our project brief detailing our requirements. Our fantastic new website will offer a range of new added value benefits for Members. In the meantime the current website continues to be updated, including a brand new Sustainability section and a new forum exclusively for Members via the business networking site, LinkedIn.com.

Member Contact

During the year, LUPC conducted a satisfaction survey to gauge Members' views on many aspects of the Consortium. Against these measures, LUPC is now scoring an average of 10% higher than in 1997, but we remain committed to delivering additional value improvement for our Members.

We aim to maintain and enhance Member engagement by visiting all our Members to ensure that they are

taking full advantage of the services we offer, highlighting any additional savings that can be made by re-routing spend through LUPC framework agreements and contracts.

eBulletin and Newsletter

LUPC has this year introduced a monthly eBulletin updating Members regularly on news and activities in the Consortium.

Our popular quarterly newsletter continues to expand and is circulated both in hard copy and electronically to a wide readership across the Consortium.

Events

In addition to COUP2009, a successful LUPC Insurance Seminar was held in March at the Wellcome Trust attended by approximately 55 delegates including Members from SUPC.

Member Contact Survey

	2009	1997
1 Say they are familiar with the workings of LUPC	100%	82%
2 Feel their expectations have been met	80%	67%
3 Are satisfied with the level of information received from the LUPC	80%	74%
4 Feel that membership of the LUPC adds value to their organisation.	88%	70%
5 Feel they receive value for money from LUPC	88%	74%
6 Feel that LUPC replies to enquiries in a timely manner	88%	77%
7 Would recommend LUPC to a fellow college/institution	92%	85%
8 Are satisfied with the current level of service	77%	73%

Marketing and Communications

Much of this year's marketing effort was in planning and preparing to host COUP2009 (Conference On University Purchasing), a unique event for procurement professionals across the university and higher education sector that has featured in our purchasing calendar for over 30 years. The event ran over a three-day period in early September 2009, at Royal Holloway, University of London.

The exciting programme explored new ideas and developments influencing procurement today. Packed with interactive seminar sessions, excellent networking opportunities and the latest and most innovative products and services from leading suppliers, the event was well received by both delegates and exhibitors.

Our headline speaker was actor and comedian Lenny Henry who is a current MA student at Royal Holloway. He entertained delegates with his own take on student life and inspired everyone with the achievements of Comic Relief.

To follow, speakers from across the purchasing sector came to share their views on the future of procurement and seminar sessions engaged delegates in debate with seasoned professionals on a variety of topics that purchasers face on a daily basis.

The theme of the conference was "Developing and Sharing Procurement Excellence", so it was only fitting to run this event in conjunction with the Association of University Procurement Officers (AUPO) who hosted their AGM on the first evening and helped design and develop a robust conference programme. Keynote sessions were podcast so that delegates could download and view on-line at their leisure (visit www.coup.ac.uk for more information).

The conference ran alongside a vibrant exhibition with 100 stands showcasing a wide range of suppliers of goods and services to the HE and FE sectors. The busy social programme was also very well received including a quiz, Wild West Night and the conference highlight, a prestigious Gala Dinner at the Savill Court Hotel in Windsor.

COUP's next stop will be in Scotland in 2011, where we will be hosted by Advanced Procurement for Universities and Colleges (APUC), the procurement Centre of Expertise for Scotland's 61 universities and colleges.

"COUP2009 was one of the best public sector events that I have been to".

"I found it informative, fun, and a great way to meet suppliers and our consortium members in a different environment."

"COUP2009 was very impressive and I enjoyed it immensely both professionally and socially, and of course most importantly I found it very productive. I found the range of guest speakers and seminars extremely useful and interesting."

The Year In Review

Key to Types of Saving:

P1 Difference between original price and new price (from quotation/tender)

Commodity	Saving	Type of Saving	Rationale
Energy			
Electricity 100kW+ sites	£1,491,555	P6	Savings against prevailing market prices.
Electricity Small Sites	£466,563	P6	Savings against prevailing market prices.
Gas	£404,887	P6	Savings against prevailing market prices.
Estates			
Audio Visual Equipment	£315,000	P1	15% saving based on average discounts received
Audio Visual Consumables	£12,289	P1	Tendered savings.
Cleaning	£121,652	P1	Tendered savings.
Furniture - Office	£429,072	P1	Savings as compared to previous contract.
Furniture - Residential			New agreement.
Lamps and Tubes	£7,203	P6	Tendered savings.
Portable Appliance Testing			New agreement.
Safety & PPE	£45,600	P1, P7	Average savings based on previous agreement price
Security Services	£103,213	P1	Tendered savings.
Waste Management	£34,691	P1	Tendered savings.
Watercoolers	£14,238	P1, P7	Tendered savings.
White goods			New agreement.
ICT			
Desktops	£1,845,563	P9	Benchmarked against prices paid by new and previous
Notebooks	£906,460	P9	Benchmarked against prices paid by new and previous
Servers & Storage	£1,878,453	P1, P9	Combination of tendered savings and savings against
Apple Computers	£1,889,674	P9	Savings of approximately 15% compared with Apple
Hardware Maintenance & Disaster Recovery	£73,517	P6	Benchmarked against prices previously paid by new
IT Related Accessories and Parts	£64,051	P7, P9	Savings of 4% on standard education prices plus £
Network Hardware	£138,555	P9	Savings of approximately 8% compared with Cisco
Printers and Peripherals	£64,210	P9	2% saving compared with other public sector agree
Telecoms - Land Tariffs	£38,746	P6	Saving of 12% against prevailing market prices.
Telecoms - Mobile	£259,843	P6	Saving of 25% against prevailing market prices.
UPS Equipment			New agreement
Insurance			
	£3,782,307	P6	Saving of 36% against previous insurer's renewal te
Laboratory			
Laboratory Consumables	£2,267,498	P1	Savings against prices paid by Members prior to a
Laboratory Equipment	£770,784	P1	Savings against prices paid by Members prior to a
Industrial Gases	£1,877,714	P9	Difference between market rate and HE rate on IUP
Electronics	£135,600	P9	7% saving compared with prices purchased "off co
Library			
Library Books	£940,335	P6	Based on average discount against list prices.
Library Security (RFID)	£105,088	P1	Savings against prices paid by Members prior to a
Library Periodicals	£192,592	P6	Based on efficiency and reduction of library staff tim
Specialist Arts Service	£24,199	P1	Savings against prices paid by Members prior to a
General Library Supplies	£25,771	P1	Savings against prices paid by Members prior to a
Office			
Recycled Paper	£35,120	P1	Savings against prices paid under previous agreem
Office Supplies and Computer Consumables	£3,601,300	P9	Based on average savings of 60% on computer co
Postal Services and Franking Machines (5 agreements)	£97,245	P1	Savings against previous HE agreement.
Photocopiers and MFDs	£208,000	P9	Based on 8% difference between NEUPC and othe
Professional Services			
Temporary Staff	£1,112,311	P1	Average 20% saving relating to reduced margin, V Saving of 14% from April to July due the VAT mitiga
Debt Collection	£87,390	P1	Tendered savings.
Advertising	£140,000	P6	Average 10% saving based on 6% returned agency
Travel			
Business Travel Booking Service	£281,026	P6	Savings against prevailing market prices.
Vehicle Hire	£8,434	P9	Savings against Buying Solutions agreement.

Total

£26,297,749

P6 Aggregation of demand leading to volume discounts; only where budgets reflect historically different practice that did not attract such discounts

P7 Price management; applying awareness of price trends to either achieve net savings, or 'price avoidance' to minimise or eliminate increased costs

P9 Difference between successful bid and another comparable bid e.g. another public sector consortium agreement

Please note that calculation of these savings is based on agreement expenditure figures given to LUPC by suppliers.

	National/Regional	Lead Consortium
	Regional Regional Regional	LUPC LUPC LUPC
from manufacturers. No installation savings included.	National National Regional Inter-regional Inter-regional Inter-regional Inter-regional	HEPCW NWUPC LUPC SUPC NEUPC NWUPC NWUPC
the list less discount ranging from 18% to 61%.	National Regional Regional National Inter-regional	SUPC LUPC LUPC Buying Solutions NWUPC
pective Members. pective Members. nst Buying Solutions benchmark. le list Prices v agreement users. 10 per order based on no carriage charges Education Prices ements, 3% saving on 10% of expenditure for extended warranties	National National National National National National National National National National Inter-regional	LUPC LUPC SUPC HEPCW SUPC SUPC NEUPC NEUPC NEUPC Buying Solutions Buying Solutions NEUPC
irms verified by benchmark with new Members.	Regional	LUPC
greement. greement. C Agreement. ntract"	Regional Regional National National	LUPC LUPC LUPC NUWPEC
greement. ne and resources. greement. greement.	Regional Regional Regional Regional Regional	LUPC LUPC LUPC LUPC LUPC
ent. sumables and 20% on stationery compared with Buying Solutions. r public sector agreements	National National National National	Buying Solutions LUPC NPDSWP NPWG
AT Mitigation and additional discounts on expenditure Aug - March. ion removal. y margin and 4% additional savings (spot buying, volume and reduced production costs)	Inter-regional Inter-regional National	SUPC LUPC SUPC
	Regional Inter-regional	LUPC SUPC

Commodity Group Reports

13 new and renewed agreements in 2008-09
49 agreements in total

Energy

New energy contracts were awarded in October 2008 through our partner and service provider The Energy Consortium (TEC). A framework agreement for the supply of electricity to over-100kW sites was awarded to British Energy, British Gas/Centrica, E-ON plc and Scottish & Southern, saving participating Members an average of 6% when compared with prevailing market prices. Electricity for smaller sites is available through British Energy, British Gas/Centrica and Scottish & Southern, saving an average of 11% compared with market

prices. A framework agreement for the supply of gas was awarded to Corona, Gaz de France and E-ON plc, saving 5% compared with market prices.

LUPC and TEC continue to hold regular Members' meetings to manage the account and provide Members with vital market intelligence, while LUPC continues to support TEC with its marketing strategy.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Electricity 100kW+ sites	25.3	14.7
Electricity Small sites	4.3	1.5
Gas	8.3	8.4

Estates

In September 2008, new framework agreements for white goods were awarded to Hagemeyer (Rexel), Peel Mount and Inman and for portable appliance testing to TM, Epsilon, Electrotest and CLM. In March 2009, LUPC adopted a new framework agreement with Hagemeyer (Rexel) and Edmundsons for the supply of lamps and tubes. We expect usage of both of these agreements to grow in the coming year.

In October 2008, new LUPC contracts for cleaning commenced with Ocean Contract Cleaning Ltd and ISS Facility Services and for security with CIS Security, all of which are operating well.

The London School of Economics initiated a major new waste management procurement project during the year which will be open to LUPC Members following the end of the current agreement in November 2009.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Audio Visual Equipment	2.1	3.4
Audio Visual Consumables	0.04	0.1
Cleaning	2.0	1.7
Furniture - Office	2.4	2.7
Furniture - Residential	Negligible	-
Lamps and Tubes	0.1	-
Portable Appliance Testing	Negligible	-
Safety & PPE	0.1	-
Security Services	1.4	1.4
Waste Management	0.2	0.3
Watercoolers	0.07	0.02
White Goods	Negligible	-

"The Institute of Education and School of Oriental and African Studies with the support of their cleaning service provider ISS Facility Services Limited continue to work collaboratively. Over the past year, the two colleges have been able to reduce the number of vehicles required to support deliveries between campuses and now utilise one LPG van provided by ISS. This initiative has further enabled changes to be made to support hours whereby one van driver undertakes deliveries for both colleges."

Anthony Tyrell, School of Oriental and African Studies

Commodity Group Reports

ICT

It was a hectic year in ICT. LUPC's Mike Kilner and the National Working Party spent much of the year tendering a brand new National Desktop and Notebook Agreement with an estimated value of £300m and significant additional benefits to come for Members. The new agreement, which commenced on 1 August 2009, was awarded for notebooks to Dell, Ergo, Toshiba UK (via Getech and XMA), Samsung (via Getech and Stone) and HP (via DTP and RM) and for desktops to Dell, RM, Stone, Viglen and HP (via DTP and RM).

NEUPC led the tendering of a new national Network Hardware and Consultancy Agreement during the year. Viglen, European Electronique, BT iNet, Telindus, Logicalis, XMA and 4C Strategies commenced the agreement on 1 August 2009. NEUPC also awarded a new national agreement for UPS Equipment to APT, RM Donaldson and The PowerWorks, which commenced in September 2008. In the same month, SUPC awarded new

agreements for Hardware Maintenance to ComputerLand, Calyx and Xenon and for Disaster Recovery with ICM Business Continuity and SunGard Availability Services.

LUPC has continued to negotiate improved and preferential terms for the

sector under the framework agreement for Printers and Peripherals. The sector also supported the new Mobile Telecoms framework led by Buying Solutions, which commenced in January 2009.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Desktops	11.8	11.2
Notebooks	3.4	3.2
Servers & Storage	7.5	4.6
Apple Computers	10.7	8.1
Hardware Maintenance & Disaster Recovery	0.1	0.4
IT Related Accessories and Parts	1.5	1.2
Network Hardware	1.6	1.6
Printers and Peripherals	1.2	1.2
Telecoms - Land Tariffs	0.3	0.8
Telecoms - Mobile	0.8	
UPS Equipment	Negligible	-

"LUPC are incredibly receptive to our concerns and act quickly with our supplier to resolve problems. I must say I'm impressed."

Paul Marsden, Croydon College

Insurance

At the close of a busy year, LUPC's Insurance Group succeeded in capping increases to below 4% per Institution for the 2009 renewal following extensive negotiations with Zurich Municipal, despite a significant hardening in the market, where over 90% of underwriters predicted 10% rating increases on renewals. A successful Insurance Seminar event was held at the end of March at the Wellcome Trust with 55 attendees. The six presented topics

included professional indemnity, sprinklers, valuations, terrorism, partnerships and environmental liabilities.

Upon written consent, Members can now opt to see each other's claims and premium details on-line for benchmarking purposes.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Insurance	8.8	5.2

"The LUPC agreement for insurance services delivers on value for money and provides an excellent return on investment"

Alan Hill, Institute of Cancer Research

Commodity Group Reports

Laboratory

LUPC led the award of a new, national Industrial Gases framework agreement for the Inter-Universities Purchasing Committee (IUPC), with Air Products, BOC, Air Liquide, CK Gases, Cryoservice and Green Gases commencing supplies in October 2008.

Our Laboratory Consumables and Equipment frameworks remain an important part of our portfolio, with regular core list analyses, price reviews and contract management meetings with our suppliers to ensure best possible value for Members. In April 2009, Executive Committee opted to extend the Laboratory Equipment framework at current rates in preference to re-tendering during the coming year.

In September 2008, a new Electronics framework agreement was awarded for the sector at preferential terms by the National University Working Party for Electronic Components (NUWPEC) to Onecall (Farnell/ CPC), H-Squared, RS Components and SJ Electronics.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Laboratory Consumables	7.8	5.3
Laboratory Equipment	3.0	2.7
Industrial Gases	1.7	1.4
Electronics	1.2	0.4

"Using the LUPC Laboratory Equipment and Consumables Agreement, purchasers can be confident of buying from suppliers who offer quality and reliability, and are closely monitored to ensure a high level of service. Use of the Agreement reduces the cost of purchasing and the processing overhead, whilst maximising value for money and improving service levels."

David Cadman, School of Pharmacy, University of London

Library

LUPC collaborated with SUPC during the year to tender and award a major new Library Books framework agreement, due to commence later in 2009 and offering significant benefits to Members. Data collection commenced with a view to a similar joint approach in periodicals.

LUPC's library supply and service agreements continued to benefit HE and FE libraries in and around the capital.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Library Books	6.1	5.8
Library Security (RFID)	0.5	0.4
Library Periodicals	9.2	8.5
Specialist Arts Service	0.1	0.1
General Library Supplies	0.1	0.1

"Kingston University will certainly benefit from the new book agreement's separate lots – offering us a good choice of suppliers for the wide range of resources we purchase. By collaborating with other consortia, the LUPC has achieved great financial benefits for its members and encouraged suppliers to continue delivering really high quality services. It's also focused our minds on detailed performance measures which will keep us all on our toes!"

Helen Ward, Kingston University

Commodity Group Reports

Office

LUPC continued to manage the sector's national framework agreement for Office Supplies and Computer Consumables effectively. Suppliers on the agreement, Supplies Team, Office Depot, Lyreco and XMA, continue to compete hard for market share. The agreement, which is known to compare favourably with the vast majority of public sector framework agreements in the market, attracts a number of not-for-profit organisations who join as Associate Members, contributing to the running costs of the Consortium. Significant savings were achieved this year for Members by resisting price increase pressure in computer consumables during the year, following the sharp fall in sterling exchange rates.

A new, national collaboration project for Multi-Functional Devices (copiers) was announced in April 2009 for the sector, to be led by Buying Solutions.

The existing Buying Solutions agreement will be extended for a further two years, during which time the new pan-Government framework agreement will be competitively tendered. LUPC Members will migrate over to the Buying Solutions agreement upon expiry of the current agreement in March 2010.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Recycled Paper	0.4	0.4
Office Supplies and Computer Consumables	7.8	6.5
Postal Services and Franking Machines (5 agreements)	2.7	2.3
Photocopiers and MFDs	2.7	4.2

"The Office Supplies agreement continues to be well utilised across the membership. Next year the tender process will commence for a new agreement which will build on the success of the current one and to provide an improved offering including wider sustainable options."

Rob Godfrey, Queen Mary University of London

Commodity Group Reports

Professional Services

Some LUPC Members continued to support the current SUPC/LUPC framework agreement for temporary staff, due to expire in October 2009. Following closer analysis of Members' spend in this area, LUPC's Executive Committee considered that a wider choice of agencies including smaller, more specialist providers would better meet Members' needs. A new LUPC procurement project commenced in July, led by the University of East London with the participation of a number of Members. The new framework agreement will be in place early in 2010.

More Members signed up to our highly competitive debt collection framework agreement and preparatory work also began during the year on a new framework agreement for Legal Services, as part of the expansion of our portfolio under the 10-Point Plan.

Travel

In April 2009, our Executive Committee approved the commencement of a new procurement project in Business Travel. The new agreement will include a much wider range of cost-saving services than is provided under the current arrangements, including the negotiation of route deals to major airline destinations.

Since the framework will require the market to develop new solutions to a range of issues, the procurement process is to be run under the competitive dialogue procedure with the participation of a number of Members.

Pending the new arrangements, the current Business Travel booking service has been extended to July 2010.

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Temporary Staff	5.6	6.7
Debt Collection	0.4	0.07
Advertising	1.4	1.4

"Since we started using it in 2007, the LUPC Temporary Agency Staff Agreement has enabled us to realise genuine cash savings, in addition to more centralised control, reduced processing costs and improved reporting via a single point of contact."

Jim Baker, Natural History Museum

Agreement Spend	2008-09 Spend (£m)	2007-08 Spend (£m)
Business Travel Booking Service	6.5	4.3
Vehicle Hire	0.08	-

Added Value Benefits & Sustainability

Added Value Benefits

Free EU Procurement Advice

LUPC Members with a particular query on the status of a procurement strategy or project under EU legislation can get prompt advice from Achilles. LUPC has made arrangements for Achilles expertise to be available free of charge to Members under a central advice contract.

Reduced THEMiS Rates

To ensure our Members are fully aware of the implications of EU procurement legislation and remain up to date, the latest guidance from the Government or the European Commission or the most recent court cases, LUPC offers a specially-negotiated rate for Members to use THEMiS – the Achilles system for regulated procurement.

Free Credit Referencing Services

LUPC Members now have free access to the reporting tools offered by Creditsafe UK. The Creditsafe package provides the following main features:

- Access to detailed company reports at any time
- Organisation of 'tracked' suppliers into portfolios aligned to particular agreements or commodity areas
- Receipt of e-mail alerts every time a supplier in any portfolio has a change in their report
- Control over which personnel receive the e-mail alert, by portfolio
- No additional costs, save for international company reports on a 'pay as you go' basis.

Training

LUPC has this year scaled down its training portfolio, offering courses upon specific institutional request. LUPC now offers a very successful Introduction to Purchasing course and regular EU Update courses every few months to ensure that our Members minimise risk by being kept updated of recent developments in EU case law.

Procureweb

JISC Procureweb, one of eight advisory services which form JISC Advance, is the procurement support service for the UK Higher Education Sector, Further Education Sector and Research Councils. Procureweb celebrated its tenth anniversary at COUP2009, where they launched new updates to two tools - the Annual Returns Database and Measure, the online efficiency measurement model. Both are designed to help institutions save money and become more efficient, increasingly important in today's economic climate.

Procureweb has recently received funding by JISC Advance for the re-development of the Central Universities Purchasing Information Database (CuPID). CuPID provides each LUPC Member with information on all our endorsed national, inter-regional and regional consortium agreements as well as allowing each Member to add local agreements and contracts. Procureweb's planned re-development of CuPID will commence in autumn 2009 and will initially focus on gathering requirements from the user community.

Sustainability

This has been a big year for LUPC in terms of sustainability.

LUPC has enhanced engagement with both Members and suppliers through the launch of its Sustainability Policy and Strategy, which sets out our internal operational sustainability plan as well as a strategy for our contracts and framework agreements.

The year has also seen LUPC formally recognised for its efforts by achieving the Bronze level award for the Mayor's Green Procurement Code. LUPC will continue to work with partners such as London Remade and Action Sustainability to drive forward this vital agenda.

LUPC has adopted a policy of reduce, re-use and recycle. We are in the unique position of having the opportunity to influence a large number of Member Institutions and suppliers. LUPC is actively working with Members through the London Universities Environmental Group to address sustainability issues on campus.

LUPC is committed to embedding sustainability into all our contracts and framework agreements over time. We recognise that the real work begins post-award. We hope to identify more quick wins initially and then build on this by developing performance indicators for our framework agreements so we can start monitoring activity more closely. This will take time, but with the active support of the HE sector's new sustainable procurement resource based with NEUPC in Leeds, we feel we are well placed to build a solid reputation for sustainability across the public sector.

Independent auditors' report to the members of London Universities Purchasing Consortium

We have audited the financial statements of London Universities Purchasing Consortium for the year ended 31 July 2009. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the full set of accounts, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

K Lally (Senior Statutory Auditor) for and on behalf of Knox Cropper Chartered Accountants,

Statutory Auditor
Registered Auditors and
Chartered Accountants
8/9 Well Court
London
EC4M 9DN

13 November 2009

The statutory accounts have been delivered to the Registrar of Companies and a copy can be obtained by contacting the Company Secretary at Stewart House 32 Russell Square London WC1B 5DN.

Accounts 2008/09

Profit and loss account for the year ended 31 July 2009

	2009 £	2008 £
Turnover	<u>483,665</u>	<u>464,333</u>
Staff costs	354,784	306,538
Depreciation and amortisation	2,134	1,496
Other operating charges	<u>167,713</u>	<u>174,167</u>
	<u>524,631</u>	<u>482,201</u>
Operating loss	(40,966)	(17,868)
Other interest receivable and similar income	<u>5,906</u>	<u>13,023</u>
Loss on ordinary activities before taxation	(35,060)	(4,845)
Taxation on loss on ordinary activities	<u>1,200</u>	<u>1,390</u>
Retained loss for the period	<u><u>(36,260)</u></u>	<u><u>(6,235)</u></u>

Balance sheet at 31 July 2009

	2009 £	2008 £
Fixed assets		
Tangible assets	3,941	5,564
Current assets		
Debtors	43,518	39,350
Cash at bank and in hand	<u>152,293</u>	<u>241,156</u>
	<u>195,811</u>	<u>280,506</u>
Creditors: amounts falling due within one year	<u>(39,055)</u>	<u>(89,113)</u>
Net current assets	<u>156,756</u>	<u>191,393</u>
Total assets less current liabilities	<u><u>160,697</u></u>	<u><u>196,957</u></u>
Capital and reserves		
Profit and loss account	<u><u>160,697</u></u>	<u><u>196,957</u></u>

Member Institutions

- 1 Barking College
- 2 Birkbeck College
- 3 Central School of Speech & Drama
- 4 Charing Cross Hospital
- 5 City and Islington College
- 6 Courtauld Institute of Art
- 7 Croydon College
- 8 Ealing, Hammersmith & West London College
- 9 Enfield College
- 10 Goldsmith's, University of London
- 11 Guildford College
- 12 Havering College of Further & Higher Education
- 13 Health Protection Agency
- 14 Heythrop College
- 15 Institute of Cancer Research
- 16 Institute of Education
- 17 Institute of Zoology
- 18 International Students House
- 19 JANET UK
- 20 King's College London
- 21 Kingston College
- 22 Kingston University
- 23 KSS Deanery
- 24 Lambeth College
- 25 Lewisham College
- 26 London Business School
- 27 London Deanery
- 28 London Metropolitan University
- 29 London School of Economics & Political Science
- 30 London School of Hygiene & Tropical Medicine
- 31 London South Bank University
- 32 Medical Research Council
- 33 National Institute for Biological Standards & Control
- 34 Natural History Museum
- 35 Newham College
- 36 North East Surrey College of Technology (NESCOT)
- 37 Queen Mary, University of London
- 38 Ravensbourne College of Design & Communication
- 39 Redbridge College
- 40 Richmond Adult Community College
- 41 Royal Academy of Music
- 42 Royal Botanic Gardens, Kew
- 43 Royal College of Art
- 44 Royal College of Music
- 45 Royal College of Surgeons
- 46 Royal Holloway College
- 47 Royal Veterinary College
- 48 School of Oriental & African Studies
- 49 School of Pharmacy
- 50 South Thames College
- 51 Southwark College
- 52 St Francis Xavier 6th Form College
- 53 St George's Hospital Medical School
- 54 The British Museum
- 55 The Conservatoire for Dance and Drama
- 56 The National Archives
- 57 Trinity College of Music
- 58 University of East London
- 59 University of Greenwich
- 60 University of London
- 61 University of the Arts London
- 62 University of Westminster
- 63 The Wellcome Trust
- 64 West Kent College
- 65 Westminster Kingsway College

Board Members

Chair:

Wendy Surridge,
Secretary & Registrar,
London School of Hygiene &
Tropical Medicine

Nirmal Borkhataria,
Director of Finance,
University of East London

Richard Flatman,
Director of Finance,
London South Bank University

Marcus McDonald,
Director of Finance and Estates,
Royal College of Music

Andy Davies,
Director,
London Universities Purchasing Consortium

David Sanders,
Director of Estates,
Natural History Museum

Andrew Keeble,
Director of Finance and Planning,
Queen Mary, University of London

John McParland,
Secretary & Clerk to Board of Governors,
London Metropolitan University

Executive Committee

Andy Davies,
Director,
London Universities Purchasing Consortium

Rob Godfrey,
Head of Purchasing,
Queen Mary, University of London

Alan Hill,
Purchasing Manager,
Institute of Cancer Research

Margaret Newson,
Purchasing Manager,
London School of Economics &
Political Science

Chris Philpott,
Purchasing Manager,
University of East London

Andrew Rance,
Procurement Officer,
University of Westminster

James Wrigg,
Director of Procurement,
King's College London

Adrian Moody,
Corporate Procurement Manager,
London South Bank University

David Cadman,
Procurement Officer,
School of Pharmacy

London Universities Purchasing Consortium

Stewart House
32 Russell Square
London
WC1B 5DN

Telephone: (020) 7863 1690
Fax: (020) 7863 1699
Email: enquiries@lupc.lon.ac.uk

www.lupc.lon.ac.uk