

# UKUPC NEWSLETTER

Nov 2021 | Vol 4

*Collaboration Updates from the UK Universities Purchasing Consortia (UKUPC)*



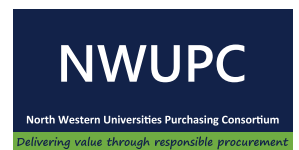
## UKUPC MEMBERS



Advanced Procurement  
for Universities & Colleges



North Eastern Universities  
Purchasing Consortium



North Western Universities Purchasing Consortium  
*Delivering value through responsible procurement*



SUPC  
Southern Universities  
Purchasing Consortium



ENERGY & EDUCATION CONNECTED



The University Caterers Organisation

Welcome to your latest UKUPC Newsletter. The newsletter aims to update you on how your local consortium collaborates nationally with other consortia to deliver more benefits and greater value to you as a member. The banner under which the consortia work together nationally, is called UK Universities Purchasing Consortia, or UKUPC.



# WHAT IS UKUPC DOING FOR YOU?

Universities, and the wider public sector, are emerging out of one of the most challenging periods in history and procurement has a major role to play in the sector's recovery (see the National Procurement Policy Statement!).

Consortia provide value-for-money frameworks that deliver legal compliance, time and cost-savings and a focus on increasingly important elements such as responsible procurement and providing social value. However, we know members view consortia as providing much more than just frameworks. When surveyed\*, members talk about the advice, guidance, training and networking opportunities they receive through membership – something not available through most other large framework providers.

UKUPC is a unique partnership that maximises investment from members through cooperation and collaboration; reducing duplication across the sector; and building resilience and specialist insight to serve all universities and other UKUPC members across the UK better.

Our last newsletter highlighted some of the tangible ways members benefit from UKUPC collaboration such as the £75M in cashable savings achieved by using frameworks; or the survey-based, coordinated response to the Cabinet Office on the Green Paper on behalf of the sector. This edition touches on some of the timeliest challenges for members – price increases, an unprecedented energy market and climate change (and potential outcomes from COP26). However, it also links to useful resources like Modern Slavery Statement guidance for suppliers, advice on avoiding price increases and practical steps to minimise your energy usage.

We hope you enjoy this edition and learning more about the UKUPC activity and resources available to you to support effective procurement. Please get in touch with Marion Hutchins, UKUPC Communications Group Chair, if you would like to feedback on any content or have suggestions for future editions.

\*HEPA Member Survey 2021





## **SUPPLY CHAIN SHORTAGES AND PRICE INCREASES: HOW ARE CONSORTIA ADDRESSING THESE CHALLENGES?**

Brexit, Covid, supply chain bottlenecks and staffing shortages have caused significant challenges to the supply chain recently, resulting in driver, labour and product shortages. Members are reporting disruption to availability and price increases across a wide range of items including medical devices, software and licences, insurance, food, and IT equipment.

Your consortia work closely with suppliers, distributors, and manufacturers to mitigate risks and push back on price increases on members' behalf. Consortia do the following to manage price increases and supply disruptions within their business-as-usual activity:



- Ensure an **in-depth understanding of the market changes and supply chains issues** such as labour rates, skills shortages, fuel prices, goods shortages and employment levels.

- **Engage regularly with suppliers** which helps us get early warnings or insights on issues affecting their business. Category Managers meet with suppliers several times a year as part of the contract management process, but we also pick-up any issues on behalf of members whenever they come up.

- **Engage regularly with members.** Members give us feedback through contract review meetings, surveys, ad hoc emails and in our networking and discussion groups. This on-the-ground view from members is essential to effective contract and supplier management.

- Category managers are in **regular contact with our consortia counterparts.** This communication ensures the flow and exchange of information nationally at category level and commodity level.

- The category managers will also **always challenge a price increase.** That will typically start with asking for a full breakdown of the reasons for the price increase.

- **Make sure suppliers justify any requested increases.** We challenge suppliers to show evidence of price increases in their supply chain, whether that be the price of raw materials, import duties, wage rates or rent increases.

- **Negotiate reductions.** Our approach is to ask questions and challenge in the right way. Does the increase need to be across whole ranges or can some products be excluded? Can an increase be applied temporarily and be reviewed monthly or quarterly as the market adjusts again? Does the increase need to be as high as it is across the entire product range?

- **Benchmark.** Having an understanding of the commodity and category areas means that some price increases can be mitigated entirely or reduced if out of line with the rest of the supply market.



Understanding real time market is key to making good, strategic, and commercial procurement decisions. Recognising and acknowledging challenges and opportunities means we are able to manage our requirements to ensure continuity of supply at appropriate pricing, whilst also managing risks.

UKUPC and its professional category leads throughout the UK have produced a Market Insight Report on what is happening in national and international supply chains. The report was emailed to heads of procurement on 1 September and will be updated and circulated quarterly, with the next one available on 1 December. Members can contact their local consortium for a copy of the document, or to provide feedback. You may also find this article - [No Time to Buy: 12 Steps for Avoiding Price Increases in Unstable Times](#) - useful.

We advise members to ensure they keep communication lines open with their procurement contacts at their local consortium - they are best placed to guide on any availability issues. Your forward planning may require flexibility, and alternative products may also need to be discussed with your team. Plan ahead, place your orders early and be prepared to be agile.

# MANAGING ENERGY USE IN A CRISIS

The news around energy prices at the moment is concerning with prices at unprecedented levels and plenty of media stories on suppliers going out of business amid spiraling domestic prices. So, what does this mean for Higher Education institutions and how might these price levels impact HE energy bills over the coming winter and beyond?

## What is causing current price rises?

There are many reasons for the sharp price increases:

- A rapid recovery in global energy demand post-pandemic. Record high temperatures in US, the Far East and South America, with an increased demand for electricity for cooling.
- Maintenance on existing production facilities and commissioning of new production being deferred during the peak of the pandemic.
- New gas infrastructure projects, such as Nordstream2 (a major gas pipe linking Russia and Europe) were also delayed by the pandemic.
- A very cold winter last year amid low global storage levels.
- Low renewable generation, seeing us look to gas and even coal fired generation to meet the shortfall.

## What should Universities do?

We are encouraging members to take precautions, not be complacent and be very careful about gas usage this winter, taking into consideration full campuses and the unpredictable Winter weather.

Universities should set more significant levels for overnight turndown, start boilers later, and then switch off earlier. Estate professionals could or should check building management system settings and implement revised heating strategies.

Covid-safe operations may increase exposure to higher gas usage and hence exposure to higher prices, so a careful balance between environmental control measures will be crucial to minimise the high bill increases.

## English / Welsh / NI Institutions - What have TEC done to mitigate the impact for members?

TEC has undertaken rigorous risk management, hedging higher than usual forward gas and power requirements as far as March 2023. This allowed TEC (and therefore members) to take advantage of 10-year low prices in 2020. While member prices are largely protected, there is still risk on gas - in particular, when closing out actual usage versus the forward purchases made against seasonal normal demand.

TEC also has a range of tools available to members to assist managing consumption and to protect costs further. These include

detailed forensic analysis of gas usage data down to half-hourly levels with data from the significant deployment of AMR meters. Whether it is changes in building management system settings or boiler settings and thermostats, it is people who consume energy, not buildings. The advice to temper the activity of people is as critical in limiting excess consumption at a time when the costs of failing to do so are higher than ever.

Read the full article with more detailed insight from TEC [here](#).

### **Scottish Institutions - The Scottish Energies Framework Position**

Similar to TEC, the Scottish Electricity and Gas Frameworks employ a robust Risk Management approach with a policy and procedure that seeks to maximise opportunities presented by low priced markets and smooth the impact of rising markets by enabling the purchase of energy up to two and half years prior to the period of consumption, including in year purchasing.

Whilst there will always be some form of exposure to increases in market pricing, current prices are protected and the majority of requirements for this and the coming year (22/23) have been purchased allowing avoidance of the significant peaks reported in the media.

Quarterly price risk guidance is issued with tools to enable institutions to forecast budgets based on their sites' individual characteristics using information and historical usage data provided via the Frameworks.

It is important to remember that raw energy prices are only responsible for a portion of the overall energy cost, with transportation, distribution and other related charges and levies accounting for an increasing value. Any reduction in energy consumption also reduces these charges, therefore members

should utilise the range of energy efficiency services available through these Frameworks, some of which are free of charge, and the suite of Non-Domestic Energy Efficiency Frameworks designed to assist institutions achieve carbon reduction and progress their journey to net zero.

In terms of Water & Wastewater the sector has access to Water Efficiency Services via the appointed provider supported by a Water Efficiency Fund through which the sector has already been successful in gaining funding for a number of projects aimed at delivering water and carbon savings.

## **ROUNDING UP COP26**

COP26, the annual UN climate change Conference of the Parties, was attended by the countries that signed the United Nations Framework Convention on Climate Change (UNFCCC) – a treaty that came into force in 1994.

This year marked the 26th COP summit and was hosted by the UK in partnership with Italy. The conference was held in Glasgow from 1-12 November 2021, a year later than planned due to delays caused by the COVID pandemic.

In the run up to COP26, the UK worked with every nation to reach agreement on how to tackle climate change. World leaders arrived in Scotland, alongside tens of thousands of negotiators, government representatives, businesses and citizens for twelve days of talks.

Each day during COP26 UKUPC partners gave a summary of the previous day as well as highlighting our members' activity in response to the climate emergency. You can read more [here](#).



# COLLABORATION TO DELIVER VALUE-FOR-MONEY FRAMEWORKS AND MORE

The Joint Contracting Group (JCG) provides a strategic overview of the delivery of the national Joint Contracting Programme, working collaboratively to ensure that we have the right framework agreements in place at the right time. The group is made up of representatives from all of the regional UK university purchasing consortia along with TUCO, TEC, JISC and CPC. Our focus has also been on how we can use the knowledge we gain to better support our members. The provision of compliant framework agreements is, and always will be, our core focus, but here is how else we've been working for our members in the face of Covid and Brexit pressures, price increases and unstable supply chains:

- Effective collaboration to ensure the efficient delivery of the agreed national contracting programme; this means our combined membership will always have access to compliant framework agreements that consistently offer value for money and meet the needs of all stakeholders.
- More frequent engagement with our supplier representatives to ensure we can keep abreast of changing conditions.
- In September, we produced our very first Market Insight Report, bringing together knowledge from our suppliers, industry experts and our own experience across labour, supply chain, regulatory and commercial considerations to provide something we believe is useful to you.



- Regular consideration of how we can improve on our contracting documentation, and the processes we follow collaboratively. We discuss and implement responsible procurement attributes and have recently been reviewing our terms and conditions to ensure they remain fit for purpose. More information will follow in coming months.

As ever, we are keen to hear your feedback. If you have any comments or questions on the work of the Joint Contracting Group, please do not hesitate to get in touch with Emma Keenan, Chair of the JCG and LUPC Deputy Director.

# RESPONSIBLE PROCUREMENT: RESOURCES FOR YOU

The UKUPC Responsible Procurement Network was set up in 2020 to ensure we tackle responsible procurement priorities in an effective and efficient way that minimises duplication. The group has a representative from each of the HE purchasing consortia, as well as TEC (The Energy Consortium) and TUCO.

The group has two main aims:

- To standardise existing procurement activity within consortia purchasing.
- To create resources to benefit institutions or make improvements to the supply chain.

The group shares learnings from each of its experienced regional representatives, as well as experts on specific subjects, and shares best practice to improve outcomes. Here are some resources you can use to support better responsible procurement:

- A **glossary of terms** - created to describe specific details of responsible procurement, ensuring consistency across all projects from all organisations.
- A **standardised set of tender questions** that relate back to the United Nations Sustainable Development Goals. A later version was released outlining 'what good looks like' to assist members in evaluating supplier responses, you can request this from your local consortium. There are over 100 questions for institutions to choose from in areas such as gender equality, carbon reporting, clean water, and sustainable forms of governance.

- A **Modern Slavery Act guidance document for suppliers** to help them understand the Modern Slavery Act, and to write meaningful modern slavery statements. It was aimed at suppliers that might currently be under the turnover threshold, or those that simply need guidance.

- The **HE TOMs measure set**; UKUPC, HEPA, the **Social Value Portal** and member institutions have been working collaboratively to identify a solution which enables organisations to procure, measure, manage and maximise social value in procurement activity in a consistent way and define the benefit in £'s. Full details can be found [here](#).

Our upcoming projects include carbon reporting guidelines for suppliers, and further standardising the framework terms and conditions.

The group is very much led by its membership and will regularly reach out and ask about the responsible procurement challenges members are facing and how the UKUPC group can assist. The group also welcomes hearing about members' initiatives and how we can share success stories and best practice around the sector.

Visit the UKUPC website **Responsible Procurement section** where you can find a range of resources and links to useful content to help you in your responsible procurement journey.



# HOW WE'RE IMPROVING YOUR INFORMATION SYSTEMS



The systems that you use every day to support your procurement activities such as electronic tendering, reporting, contract management, spend analysis and developing category strategies, are continuously reviewed by the Systems Group. The Systems Group is made up of representatives from each of the UKUPC purchasing consortia.

The group aims to support you by:

- Improving the interoperability and functionality of systems in order to make things more efficient for the consortia.
- Using the valuable data assets to provide more efficient reporting for consortia.
- Taking advantage of improvements in technology, to ensure they enable good procurement and provide the information needed to support and improve procurement.
- Improving the quality, timeliness and accessibility of information so members can benefit from spend information.

A major way in which the group's work has had benefits to members is the recent focus on the consolidation of data into a single solution. This has resulted in delivery of significant improvements in the capture and reporting of information. The project brings together a wide range of data relating to

frameworks, contracts, suppliers, contacts, supplier management information and Institution non-pay spend. Its benefits include:

- Improved processes.
- A standard data format.
- Visibility of national procurement activity and planning of resources.
- Framework supplier spend information captured using a single website recently updated to integrate with a single portal allowing suppliers to provide additional reporting information for use across HE sector.
- A platform for the group to further develop and enhance reporting and functionality of systems available to consortium and its members.

Major work was undertaken to bring institutional non-pay spend into the dataset which provides a more accurate picture of spend for consortia. This has also led to improvements in reporting to members and many of you will have access to the new Contract Uptake website providing members access to savings and spend analysis data. If you require access to this, please contact your local consortium.

In February 2021, we were able to incorporate new Scope 3 Emissions Reporting capability primarily to provide members with access to data for HESA submissions, using the traditional HESCET tool (jointly updated with HEPA), and also an enhanced reporting tool (developed by APUC) to assist UKUPC members in identifying spend areas with high Green House Gas (GHG) emissions by including the facility to drill down to GHG emissions at individual supplier level. Our colleagues in EAUC are very excited with this new reporting capability and looking forward to seeing how this information can be further utilised.

Looking ahead we will be focussing on how we can further enhance the access to information and delivering additional website functionality to members, potentially through a national contracts management solution. There is also a sub-group being set up, with member involvement, to look at the future requirements for members accessing our framework agreements and documentation; this is currently done via HEC in England and Wales and via the APUC Customer / Buyers Portal in Scotland.

If you have any queries regarding the work of the systems group, please contact your regional consortium or the current Chair **Andy Hughes**, the Deputy Head of Operational Procurement at NEUPC.

## UKUPC JUST A CLICK AWAY

Don't forget  
UKUPC  
are on Twitter!



Follow us @UKUPC for the latest updates. Have a question for us? Just drop us a tweet!



# Environmental, Social and Corporate Governance Webinar



## UKUPC WEBINAR SERIES FOR MEMBERS

A series of free webinars covering some of the hottest topics in HE procurement are taking place across the year for members of UKUPC. Each webinar will be led by one of the regional consortia and will take place every other month in November, January, March, May and July.

Focusing on the pertinent issues facing professionals working in procurement, they will be an opportunity for learning and engaging with colleagues nationally across the sector.

The first webinar, led by LUPC, tackled Cyber Security. Three expert speakers shared their knowledge and experience of attacks, along with their advice on mitigating and managing risk.

 [Watch the session recording here.](#)

The next UKUPC event, delivered by NWUPC, takes place on Thursday 25 November 2021 at 10:00am and will cover *Environmental, Social and Corporate Governance*.



[You can book onto this event here.](#)

Please contact **Suzanne Picken**, Head of Membership, Marketing and Communications at LUPC, if there are any particular topics you would like us to cover in future events.

# UPCOMING EVENTS

Take a look at the latest upcoming events organised by your consortia:

## APUC



### Value for Money Through Cost Price Analysis

This course is designed to give delegates an understanding of methods of costing, pricing strategy, cost drivers and levers in order to achieve value for money through the review of supplier pricing. Open to any UKUPC Consortium member.

**BOOK NOW**

## TUCO



### Winter Conference 2021

The theme of the 2021 Winter Conference is 'The Future of Food'. Speakers from across the industry will discuss upcoming food trends and the event will see the launch of the next TUCO Global Food Trends Report with a key note speech from Charles Banks (The Food People).

University of Nottingham

**BOOK NOW**

## UKUPC



### Environmental, Social and Corporate Governance Webinar

ESG is the acronym for Environmental, Social, and (Corporate) Governance, these three broad categories form what is termed “socially responsible investors.” This webinar will cover; what ESG is and how it differs from what we know already about responsible procurement, why it is now suddenly important, what it means for procurement, and more.

**BOOK NOW**

For all events, we recommend double-checking before you book whether the event is restricted to local consortium members or open to non-members.

For support and enquiries, please contact your local consortium

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