
PROCUREMENT MATURITY ASSESSMENTS

ANNUAL REVIEW 2016/17



FOREWORD

FROM SIR IAN DIAMOND



In the past few years, there has been an increasing public focus on university finances and how universities spend money that comes both from students and from the public purse. At the same time, universities have been working tirelessly to ensure they achieve excellence both in teaching and in research. At a time when the public funding of capital has declined enormously, universities have been under pressure to use scarce funds to ensure that facilities, both for teaching and research, are at the very high level that students and academics expect. This is particularly important for UK institutions in the global market for talent, in what all would agree, is one of the very best higher education sectors in the world.

The combination of both public focus and pressure on resource has made the Universities UK agenda on efficiencies ever more pertinent. When the first report was published in 2011 one might have thought that this was an important but short-lived challenge. Yet, for example, the Universities Scotland Efficiencies Taskforce continues to play an important role in sharing best practice and communicating the increasing efficiency of Scottish higher education. And one of the most important contemporary agendas is sharing – increasingly across sectors, as for example where the University of Glasgow is working with Glasgow City over the Kelvin Library.

Which brings me to this excellent report, for in the first Universities UK report, collaborative procurement was highlighted as one of the key areas in which there was the potential for universities across the UK to save money - money that could be used to invest in critically needed staff and physical infrastructure. And it has been one of many success stories in the efficiencies agenda across UK higher education. Called for in the 2011 report, Procurement Maturity Assessment scores across the UK have moved from an average at the lower end of Tactical in 2011, to an average at the upper end of Tactical now. This is simply brilliant.

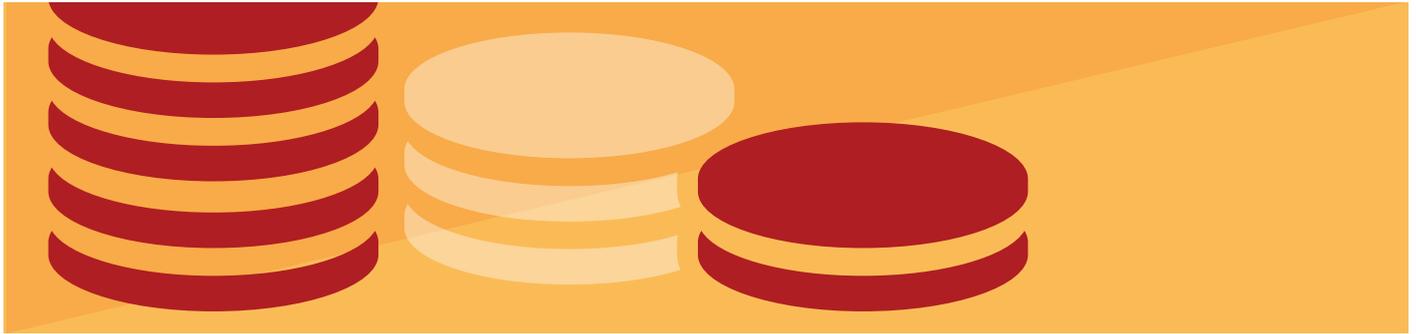
But brilliant doesn't happen by accident! This upward trajectory has been achieved by a concerted effort at all levels of higher education. Leadership has been necessary, but fundamentally, the real heroes are the procurement professionals who have shown dedication, tenacity and innovation to drive change and ensure what I now believe is an unstoppable movement. Indeed my own view is that, as with the example I gave above, higher education procurement will increasingly operate with other sectors to achieve even greater savings.

I feel enormously privileged to be invited to write this foreword for a report on what is one of higher education's great, but often hidden, success stories and my thanks are due to everyone involved in the work reported here.

Ian Diamond

Principal and Vice-Chancellor
University of Aberdeen

INTRODUCTION



The Procurement Maturity Assessment (PMA) programme was established in response to a call to action in the 2011 Universities UK Efficiency and Effectiveness in Higher Education Report¹ (The Diamond Report), led by Sir Ian Diamond. As well as highlighting good practice, the Diamond Report focused on identifying those areas where more effective or sector-wide approaches to efficiency might be necessary to overcome duplication or fragmentation. The report also outlined how this could be brought about through strengthened leadership both at institutional and sector level.

Procurement was identified as a key enabler in supporting the sector's efficiency and effectiveness. Drawing on evidence from within the sector and lessons from the wider public and private sectors, the report made a series of recommendations for action to help the sector realise this potential. In particular, the report identified the need for a programme to help institutions improve their procurement functions – enter the PMA programme. Delivered by the Southern Universities Purchasing Consortium (SUPC), a PMA provides an independent and detailed assessment of an institution's procurement function, a baseline to measure improvements, a set of benchmark scores against other institutions, and a bespoke action plan to deliver improvements.

We are pleased to report that the PMA programme, now in its 7th year of operation, has been a significant support to both individual institutions and the higher education sector as a whole in England. As Sir Ian Diamond outlines in his forward to this report, the procurement maturity of the sector has grown from an average score at the low end of Tactical and now sits at the top end of Tactical; with this shift, the sector has demonstrated process and cash savings, improved reporting and greater collaboration. This report highlights the key role the PMAs play in addressing the sector's efficiency and effectiveness agenda, key outcomes achieved, and the foreseen evolution of the programme to meet the changing sector context.

"The PMA has been a very useful exercise indeed. In fact, we used the PMA Action Plan to directly inform the actions for the University of Westminster's Procurement Strategy Document - that indicates how useful and influential the exercise has been."

Mitch Dalgleish,
Head of Procurement,
Finance, University of
Westminster



¹ Efficiency and effectiveness in higher education: A report by the Universities UK Efficiency and Modernisation Task Group

PROCUREMENT MATURITY ASSESSMENTS

IN NUMBERS

PMAs are delivered by the Southern Universities Purchasing Consortium's Procurement Shared Service

About the Procurement Maturity Assessments (PMAs)

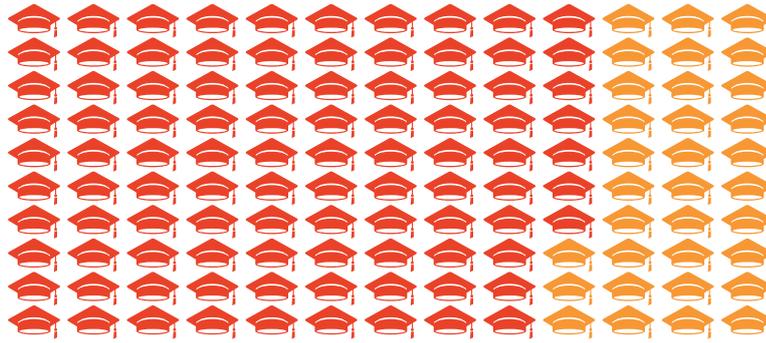
PMAs are a structured assessment of the effectiveness of procurement within a higher education institution (HEI) and across the sector in England.

The assessment is evidence-based and categorised into 9 attributes

Governance, Reporting and KPIs, Organisation, Resources and Skills, Corporate and Social Responsibility, Collaboration, Information Systems and Purchase to Pay, Supplier Strategy and Policy, Category Management

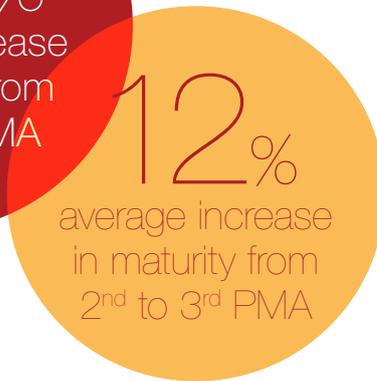
There are four maturity levels:

Developing, Tactical, Planned and Superior



97

HEIs are participating



30% of HEIs are at Planned level



For more information on the PMAs, visit www.supc.ac.uk/pma or call **0118 935 7081**

WHY A PMA? MEETING THE EFFICIENCY AND EFFECTIVENESS AGENDA



Professional procurement and the PMAs are a crucial force in addressing the sector's efficiency and effectiveness agenda. With unprecedented changes in the social, political and economic climates, the constraints on higher education in the UK are at an all-time high.

By assessing the procurement function within higher education institutions and providing those institutions with an action plan for improvement, the PMAs are supporting continued development on the micro and macro levels. At a glance, the PMA process provides an opportunity to stand back and review procurement from both a strategic and operational perspective. At a more focused level, the PMAs provide an action plan, created jointly by the institution and the assessor, which provides the pathway for developing procurement and ensuring progress through the maturity levels across the nine assessed attributes.

Of the 97 institutions that have participated in the PMA programme, the 75 that have undergone a second assessment have improved their maturity scores by an average of 14%; the 19 that have undergone a third assessment have increased their average scores by an additional 12%. Evidence that the PMAs support real change could not be clearer.

As institutions move up the maturity ladder from Developing through to Superior, they can expect to see greater prioritisation of the procurement function at the strategic level, improved process and cash savings, and a more strategic and proactive approach to sourcing and supplier/contract management. . As maturing procurement functions become more aligned with core university business objectives, the benefits that the function delivers grow as well, with more mature functions having responsibility for upwards of 75% of impactable spend.

While the PMAs have overseen a real kick-start to the effective measurement and development of sector performance, there is more to do. Moving the sector average from its current position at the top end of the Tactical forwards on the maturity scale will require a refresh of the PMA model and a re-dedication from the hard-working institutions that make up the higher education sector.

"Our PMA was essential in outlining procurement deficiencies and creating an action plan to address these. The industry benchmarks helped us develop business cases for more resource and also highlighted areas of success and where our team was on track."

Sam Jackson,
Head of Procurement
and Insurance,
Middlesex University

"Our PMA helped us communicate the work we were doing and how procurement really could deliver savings and efficiencies to departments across the institution"

Jonathan Jones,
Assistant Director of Finance
(Procurement), University
of Birmingham

THE FUTURE OF THE PMA



The PMAs are set to embark on a new era of supporting sector efficiency and effectiveness. With changes brought about by Brexit, decreased student numbers, new players in the higher education market and changes to tuition and funding models, procurement will play an even greater role in supporting institutional and sector efficiency.

As part of the PMA evolution, the programme will evolve to better meet the emerging needs of the sector. This will involve a greater focus on delivering value, comparison to performance outside the sector and more versatile question sets. Crucially, any changes to the PMA programme will build upon and refine practice to ensure that past work and data are not lost to provide the best assessment tool possible.

Engagement with PMA participants and the sector will be paramount to moving the programme forward. We thank those who supported the programme's development and welcome the improvements to come.

To learn more about the PMAs and to book your assessment, visit www.supc.ac.uk/pma

"[The PMA] is a very valuable process for us to participate in, which is benefiting us hugely and I foresee that it will continue to do so."

Carey McLaughlin,
Head of Financial Services,
University of Sussex

"The PMAs have provided assurance that we are focusing on the right priorities, have helped to raise the profile of Procurement with the senior team, and have given the function clear direction on how to further improve."

Larissa Morrish,
Head of Procurement,
Lancaster University

