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A Procurement Strategy for WWF-UK

2019 - 2022

# Introduction and Context

WWF-UK spend is in three main areas: Staff, grants and third-party supplier spend. This strategy primarily concerns third party supplier spend and actions to improve and optimise this spend.

WWF-UK Spend Breakdown FY19

WWF-UK currently spends approximately £24m per annum on procurement of external goods, services and works. It is the organisation’s second largest area of spend and compares with grant expenditure of approximately £27m per annum and salary expenditure of approximately £17m per annum.

In FY19 procurement spend of £24m (excluding the Our Planet film) was split as follows:

This shows that the area with the biggest spend was Public Fundraising, spending £11.6m during the financial year and 48% of the total procurement spend of £24.3m.

In addition, about 40% of WWF-UK’s total spend is in grants. Some of these funds are used for third party supplier spend; a previous survey of some of the larger offices showed that across the network, about £200m per annum is spent on suppliers. Currently, WWF-UK has some oversight to determine whether an adequate procurement process is followed; internal audits are conducted of offices and many of the offices have done a self-assessment against a network procurement standard.

Procurement Procedures and Systems

The current procurement process sets out the following thresholds:

Expenditure of up to £5,000 including VAT necessitates one quote

Expenditure between £5,000 and £100,000 including VAT necessitates three competitive quotes

Expenditure of more than £100,000 including VAT necessitates full tender process with tender board, to be attended by the Director of Finance and General Counsel

Panda Purchasing (PP) is the WWF-UK Procurement system that is used to raise Requisitions/ Purchase Orders for goods and services. This is a customised system. There is the option to request a waiver of the procurement process for expenditures above £5,000 incl. VAT, and the system requires procurement approval of waivers for Purchase Orders. Expenditure requests between £5,000 and £100,000 value which include at least 3 competitive quotes, are not sent to procurement for approval.

Roles and Responsibilities

The Procurement and Environmental Management Unit is currently resourced by the Head of Procurement, the Procurement Manager and the Environmental Manager. There are other staff in the organisation who also carry out procurement activities:

**Existing Roles & Responsibilities**

|  |  |  |
| --- | --- | --- |
| No. | Role | Responsibilities |
| 1 | Sponsor | Identifies business need/ develops requirements specification/ sources suppliers & initiates contracts and manages suppliers and contracts. |
| 2 | Administrative Buyer | Raises Purchase Order with supporting documentation on PP (including contracts, tenders and quotations where appropriate). Receipts completed orders on PP. Raises Waivers for Non-Compliant Procurement Purchases.  |
| 3 | Expenditure Approver | Approves Purchase Orders, Contracts and Waivers and ensures expenditure is within budget and appropriate. |
| 4. | Tender Board | Additional level of scrutiny for purchases over £100k. Membership consists of General Counsel, Director of Finance & Head of Procurement with the relevant budget holder/project sponsor. |

Roles 1 and 2 can be the same person and much more likely roles 1 and 3, but never roles 1, 2 and 3 in order that WWF-UK can maintain adequate segregation of duties.

Procurement in the Network

Across the WWF Network, the procurement functions have agreed a Network Procurement Standard and many of the offices have undertaken a self-assessment against the standard. Internal audits of offices however continue to highlight many procurement function weaknesses around the Network.

1. WWF-UK Procurement: Where Are We Now?

For FY19, 83% of procurement spend was reported to EG and Audit Committee as ‘green rated’ as a Procurement Key Performance Indicator, meaning that assurance could be given that value for money was achieved for this proportion of expenditure. The fact that we are able to measure this KPI is a step up from most organisations and this figure has improved from a baseline of 43% when first reported in FY15.

To assess the state of WWF-UK’s procurement function more broadly, we have used the Procurement Maturity Assessment of one of the biggest procurement consortiums in England, the Southern Universities Purchasing Consortium (“**SUPC**”). The Procurement Maturity Assessment measures the Procurement function across eight areas each consisting of a number of measures and attributing one of nine attributes to each measure (full details can be found at Appendix 1).

Category

Management

Governance

Resources and Skills

Information Systems

 / P2P

Reporting and KPI

Organisational

Corporate and Social

Responsibilities

Collaboration

Supplier Strategy

and Policy

The self-assessment confirmed particular strengths associated with existing procurement arrangements:

* Strong systems and processes.
* Good performance measurement and reporting.
* Strong processes for procurements subject to a tender board process.
* Good examples of ethical procurement (including 2019 CIPS award).

The assessment also identified areas for improvement, the most significant being:

* Need for upskilling of various staff involved in procurement (particularly Sponsors and Administrative Buyers).
* Better contract management.
* Development of supplier sourcing and market knowledge.
* Greater transparency around some supplier selection.
* Further development of the procurement function across the Network – this to help give greater assurance in relation to the supplier spend portion of WWF-UK grants to other WWF offices.

Overall, the assessment has identified scores and gaps below based on the objective to achieve Level 3 criteria during this strategy period to 2022. Level 3 in each case being deemed adequate for an organisation of WWF-UK’s size as opposed to the top Level 4 which some universities with substantially bigger procurement functions might aim for.

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| --- | --- | --- | --- |
| **Attributes** | **Score Now** | **Score in 3 years** | **Main Gap** |
| Governance  | 1.6 | 3 | Opportunity for greater senior management support in procurement activity, more strategic approach to procurement, greater transparency regarding some supplier selection and more ongoing due diligence. |
| Reporting and KPI | 3.2 | 3 |  |
| Organisational | 2.0 | 3 | Requirement for greater awareness and/or inclusion of procurement policy and procedure.  |
| Resources and Skills | 1.5 | 3 | Employees who carry out procurement related activities must be supported and provided with training, knowledge and empowerment. |
| Corporate and Social Responsibilities | 2.0 | 3 | Supplier code of conduct to be rolled out and social sustainability issues could be included to a greater extent in the tender and quotes process. |
| Collaboration | 1.5 | 3 | Further effort to develop the network procurement function required. Need for improved communication of preferred supplier lists, rosters and frameworks. |
| Information Systems  | 2.7 | 3 |  |
| Supplier Strategy and Policy  | 1.8 | 3 | Opportunity to encourage more openly advertised tenders. More structured contract management approach required. |
| Category Management  | 1.8 | 3 | Strategic foresight for expiring contracts needed to avoid to missed opportunities to drive procurement benefits. Potential to develop market knowledge in some areas. |

All applicable Attributes and Actions have been cross-referenced to correspond to one of the four main Strategic Objectives. A complete list of the parameters, assessment, scores, attributes and suggested actions can be found under Appendix 1.

1. A Vision for Procurement at WWF-UK

‘Best in Class procurement is embedded achieving value for money from supplier spend and thereby underpinning financial sustainability and supporting WWF-UK to achieve its strategic goals, while at the same time ensuring that procurement fulfils corporate and social responsibilities.’

1. A Procurement Strategy for WWF-UK

The overarching purpose of this strategy is to support WWF-UK’s organisational strategy by delivering exemplary procurement that;

* Is an integral part of WWF-UK’s operational use of resources and delivery of strategic outcomes.
* Is transparent and demonstrates that value is being achieved from the organisation’s procurement of third-party goods and services.

**This will be achieved through focusing on four Strategic Objectives:**

Best in Class Procurement and Purchasing

A Leading Commercial Organisation

Sustainability in All Procurement

Collaboration with Every Stakeholder

1. A Leading Commercial Organisation (Attribute Cross Reference: Governance, Organisation, Category Management, Supplier Strategy and Policy and Reporting and KPI)

The organisation to be focused on achieving value for money from spend. Managers to take ownership and leadership of the procurement policy and procedures and to communicate to their teams the importance of achieving good value for money from supplier spend.

Staff who are sponsors of procurement contracts need to have the necessary procurement skills required and the necessary market knowledge. The Procurement unit will provide support and ensure that quality training is made available (see below).

Sponsors to be evaluated on value for money achieved and how well supplier contracts are managed as part of their objectives. Staff recruitment to take into account experience of and ability to procure and manage suppliers effectively.

Ongoing supplier contracts to be reviewed regularly. Supplier and contract performance shall be monitored and managed closely, identifying and realising cost savings against budget and improving Procurement Key Performance Indicators (including improving ‘green rated’ spend percentage to at least 90% and retrospective purchase orders to below 25%). Procurement performance to be reported to the Executive Group and Audit Committee on at least an annual basis.

1. Best in Class Procurement Practices (Attribute Cross Reference: Resources and Skills and Information Systems)

The Procurement unit to take a greater part in Budget/Forecast activities with Finance and the relevant business units and in the development of business cases.

The procurement unit will be responsible for the provision of training required by staff involved in procurement, ensuring that training is suitably tailored according to needs.

Greater focus needs to be given to some higher value procurements, particularly the £50k to £100k range where there has been a lack of competition in a number of cases with no valid justification for not going out to competition or where there has been a competitive process but a lack of transparency regarding the selection process (the value of these cases was approximately £1.3m in FY19). More diligence and focus is required on spend in the £50k to £100k range and it is recommended to lower the threshold for tendering (ie. requiring a tender board) to £50,000 as a default but waive the need for a tender board or procurement involvement in the range of £50k to £100k where the procurement sponsor has received prescribed training.

For lower value expenditure below £50,000, improved training, guidance and templates (for specification writing and proposal evaluation) shall be rolled out across the organisation to support the competitive quotes process. It is also recommended to raise the threshold for mandatory obtaining of three quotes from £5k to £10k.

Steps will be taken to ensure that the Panda Purchasing system is well maintained and improvements made according to need and affordability.

1. Sustainability in all Procurement (Attribute Cross Reference: Corporate Social Responsibility)

In line with the urgency and focus of WWF-UK’s Strategy, the Procurement Strategy shall ensure that the ‘Fight For Your World’ is prominent in all supplier relationships.  WWF-UK is already recognised as a leading organisation for its approach to Ethical Procurement. Over the lifetime of this Procurement Strategy, environmental, economic and social sustainability will be more consistently and specifically considered, with the integration of ethical conditions into our contracts and an expanded supplier code of conduct.

Tenders shall all be specified and evaluated on social, environmental and economic terms and our procurement processes shall identify the suppliers, contractors, agencies and experts that are committed and best placed to help WWF-UK to achieve the urgent changes that our campaigns are demanding.

Where there are social, ethical or environmental risks in our supply chain, WWF-UK Procurement processes shall dive as deep as necessary to ensure that the money we spend on supplies and services has a positive effect on the planet.  Our highest risk contracts shall all be managed for their sustainability impacts through Corporate Social Responsibility Plans.

1. Collaboration with every stakeholder (Attribute Cross Reference: Collaboration)

It shall be a strategic priority to foster and encourage collaborative working between the WWF-UK procurement roles identified on the above stakeholder map. Procurement currently leads the WWF Network Procurement Group and participates in a UK charity procurement group. This collaboration will be intensified under this strategy; to help ensure that the procurement function is improved across the Network particularly those offices receiving significant funding from WWF-UK. The opportunity to use existing framework agreements from buying consortia shall form part of the procurement process at the business case stage.

Appendix 1 – Procurement Maturity Assessment, Scoring, Attributes and Procurement Strategy Action Plan

[Procurement Maturity Assessment, Scoring, Attributes and Procurement Strategy Action Plan](https://arenadocs.wwf.org.uk/share/page/site/procurement/document-details?nodeRef=workspace://SpacesStore/3ce37bbc-6fe6-4ccf-8584-ac5bc447112b)

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| panda | **Why we are here**To stop the degradation of the planet’s natural environment andto build a future in which humans live in harmony with nature.wwf.org.uk |

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