

Report from the General Purchasing sub-Committee –January 2019

1. Brexit planning

The Committee received a very interesting presentation from the Brexit Strategy Manager at Foodbuy, our purchasing agents. Details of the discussion are recorded in the minutes. Key messages were:

- The main implications are delays at ports of entry, and financial and non-financial barriers if we move to WTO rules.
- Expecting 2/3 weeks severe disruption. Supply chains are strong, so hopefully will settle down in 4-6 weeks.
- Our suppliers are building stocks where practical.
- Storage space is extremely scarce and commanding a significant premium.
- It will not be possible to maintain supply lines for perishable goods in the face of delays at UK entry points. The national strategy is to distribute according to a hierarchy of need (e.g. hospitals first). Colleges are using smaller suppliers so may have more flexibility.
- Sensible forward planning is needed to mitigate the impact.

A special meeting of the catering managers is to be held on 13th February, to develop practical guidance (see enclosure (i)).

We await a response from Kinect, our energy purchasing agent, regarding the impact of Brexit on energy supplies. I hope to be able to give an update on this at the meeting.

University Procurement have been conducting a risk assessment of 487 key suppliers, and encouraging departments to do the same. Key headings are labour considerations, supply chain, regulatory implications, commercial and state of Brexit planning. There are no particular messages for Colleges at this stage, but we will keep in close communication.

Colleges are advised to review their business continuity plans well before Brexit day.

2. Other Catering Matters

The new Catering contracts will be live from 4th March 2019. A supplier forum has been arranged for 19th February.

3. Energy (see attached report)

Wholesale prices have been fixed in line with policy (80% gas and 100% electricity) for 2018-19 and 2019-20. Prices are slightly more favourable for 2019-20.

The CRC regime ends on 31st March 2019. CRC allowances for 2018-19 have been deliberately underpaid to avoid irrecoverable overpayments. At present there is no provision for a successor regime which brings the colleges within its scope, only companies incorporated under the Companies Act, which do not include the colleges. The situation will continue to be monitored.

A project is underway to evaluate the work of the Energy team on reviewing College invoices for errors.

4. Water

27 Colleges so far have taken up the invitation recently circulated by OIS on behalf of Andrew Enticknap, to participate in a water audit to be undertaken by Kinect, in preparation for tendering the Colleges' water requirements in 2019/20. Preparation work is underway and the project will start as soon as the service agreement is signed.

Colleges are advised to ensure that their billing is up to date and checked before the audit starts, to ensure that the 'benefit share' arrangement applies to savings that we would not otherwise have identified.

5. Maintenance

Colleges are reminded that 15th February is the deadline for Colleges to sign up to participate in the new Ridgeons agreement where Colleges will receive rebates on expenditure. There is no requirement to change existing supplier arrangements, so Colleges are encouraged to participate even if their expenditure with Ridgeons is small. The agreement will create a structure within which any concerns about price or service quality can be addressed.

Bursars are requested to authorize the Chair of the GPSC to sign the framework agreement on behalf of the participating Colleges.

If successful it is expected that other suppliers will be encouraged to enter into a similar type of agreement. Many thanks to Philip Law and Deborah Hoy for all their hard work on this.

The Committee was very pleased to learn that attendance at and support for ACCMO (Association of Cambridge College Maintenance Officers) has improved greatly this year. **Bursars are thanked for their encouragement and asked to maintain it.**

6. Insurance

The Committee approved the draft new broker agreement (which is circulated with this paper).

Bursars are requested to authorize the chair of the GPSC to sign the framework agreement on behalf of the participating Colleges.

The annual insurance conference will take place on 27th February 2019 2pm to 4.30pm at Fitzwilliam College.

RAP

Chair

4th February 2019

Enclosures:

- (i) Brexit planning invitation for CMC
- (ii) Energy report
- (iii) Ridgeons Framework Agreement for approval
- (iv) Hendersons Framework agreement for approval

Enclosure (i)

BREXIT PLANNING MEETING
13th February 2019, 2.00pm
Venue tbc

A meeting has been organised to help CMC members plan for any ramifications to supply chains during the Brexit debate and exit from the EU.

Alex Downer, Foodbuy's CMC agent and Henry Burgess, Foodbuy's Brexit Strategy Manager, will give a presentation on how Foodbuy is managing our suppliers and will give any advice they have to the CMC members.

After a meeting of the GPSC and Foodbuy, it is suggested that individual Colleges and Institutions consider the following questions when planning any Brexit Strategies:

- Look at current ingredients used and highlight any produce that could be at risk;
 - i.e. fresh produce, Danish pork products and chicken;
- Consider alternatives where applicable;
- Menu Engineering – look at substituting or replacing problematic produce items on menus;
- Look at pre-booked events and ensure any items pre-ordered will still be available (both physically or at a sustainable price);
- Engage in communications with your institution to raise the awareness of *possible* disruption to supply; and
- Engage in conversations with suppliers, who maybe be able to assist in *some* bulk buying and storage (though payment in advance is recommended to assist supplier financial outlays).

Although very difficult to predict the effect on supply chains, we *strongly* recommend that members put some thought into how they will manage possible disruptions and that attending the Brexit Planning Meeting will assist in members making informed plans.

Ivan Higney
CMC Chairman
January 2019

Energy supply contracts status

Non-half hourly electricity – Opus Energy took over the contract for 3 years from 1.10.17 to 30.9.20.

Half-hourly electricity – Haven was reappointed to 30.9.21.

Gas – Corona was reappointed for to 30.9.21.

Financial position on supply contracts as at the date of this report

Gas					Electricity			
Year		2018/19	2019/20	2020/21		2018/19	2019/20	2020/21
Consumption	therm	5769929	5813140	5769922	MWh	48 180	48 312	48 180
Hedge Volume	therm	4615882	4628567	730000	MWh	48 180	48 312	0
Hedge Level	%	80.0%	79.6%	12.7%	%	100.0%	100.0%	0.0%
Cost	GBP	3308699	3113245	3263487	GBP	2544157	2360854	2557207
Portfolio Price	p/therm	57.34	53.56	56.5	GBP/MWh	52.81	48.87	53.08

Notes on the table

Policy is to reach the hedge level (80% for gas; 100% for electricity) by 31.12 before the relevant year commences. The hedge level climbs gradually to 31.12, subject to trading to improve the outcome.

Other contracts

Meter-operating (“MOP”) contract – Siemens appointed from May 2016 for 5 years (subject to early termination or extension). Certain meters have had to stay on the BGlobal contract for a period before transfer to the Siemens contract but they are – very slowly – in the course of transfer.

Advisory contract – Kinect (formerly called UX) is appointed for the term of each energy contract (and remunerated via the invoices for those supplies).

Compliance - CRC

Filings and payments are up to date.

The year ended 31.3.16 was audited by the Environment Agency and closed on 7th November 2017. 31.3.17 and 31.3.18 remain open for audit.

CRC “allowances” (=tax) have been paid settled for 2017-18. They have been deliberately underpaid in advance for 2018-19.

The CRC regime ends on 31st March 2019. At present there is no provision for a successor regime which brings the colleges within its scope, only companies incorporated under the Companies Act, which do not include the colleges. The situation will continue to be monitored.

RG Gardiner, Bursar with responsibility for energy, 29th January 2019

Report from the General Purchasing sub-Committee -May 2019

Brexit

- The Committee would like to say “thank-you” to everyone who helped out with Brexit planning, including catering managers and those who have tested business continuity.

Insurance

- Insurance broker renewal – the framework agreement has been signed for a further 3 years from January 2019. Colleges' own agreements will be signed as renewal falls.
- Newnham has joined the buying group.

Catering

- TUCO (The Universities' Catering Organisation) currently offers a Masters Degree entitled “leadership and hospitality in the public sector”. The course is fully funded this year, and there are 4 students from Cambridge Colleges. All Colleges who are members of TUCO are eligible.
<https://www.tuco.ac.uk/learn/masters-degree>
- The catering contracts were renewed from 4th March. Best value market data has been slow to re-establish because of the new baskets and new suppliers.
- The last College survey of catering prices was undertaken in 2015. The information is felt to be useful; the committee would be grateful for a volunteer to run a new survey in conjunction with OIS.

University procurement:

- Colleges are advised that they can use the commercial frameworks used by the Crown Commercial Services <https://www.gov.uk/government/organisations/crown-commercial-service>
The experience is that it is simple to use, and very useful. It is necessary to register to use the service.

Energy

- The GPSC continues to provide energy purchasing for gas and electricity. The contracts proceed in the same manner as prior years. The market price has moved significantly over the last two years. The purchase strategy has not been able to insulate colleges from the full impact of increases in energy costs.
- The colleges are about to complete their final CRC reporting round as the CRC regime finishes (without replacement for colleges)
- The environmental imperatives emerging mean that arrangements are being put in place to allow colleges to continue to monitor their energy usage and report on it, building on previous systems required for the CRC regime.

ACCMO (Association of Cambridge College Maintenance Officers)

- ACCMO would like to thank the Bursar's for support and encouragement – the group is now much more active, meeting monthly, with an average attendance of 22 members. ACCMO is looking for 2 new committee members – please encourage if you can.
- 26 Colleges agreed to sign up the new Framework agreement with Ridgeons, but only 17 signed commitments have been received. Please would those Colleges that have chase and sign. Volumes in the first two months have been low. Ridgeons would contact names for the relevant person in each College. They are promising to be responsive.

- ACCMO have been approached by a carpet supplier for a similar deal, offering preferential rates for Colleges. However as this is more in the area of Housekeeping/Domestic services it was not felt to fit well with existing structures.

R A Powell

Chair

General Purchasing sub Committee

12th May 2019