Paper A5

Options for denominational buying support

Business Committee

Basic information

Contact name and email address	Myles Dunnett, Programme Manager, Church Life Review (CLR) Appendix One written by Tim Llewelyn, acting as CLR Procurement Consultant, as part of his role on Resources Committee
Action required	Decision.
Draft resolution(s)	**Resolution 21** **Assembly advises that the URC should actively incorporate more systematic procurement approaches and improved resources in the future.** **Resolution 22** **Assembly instructs Resources Committee to undertake work to further investigate, cost, and propose a preferred procurement model to be adopted by the URC.**

Summary of content

Subject and aim(s)	To consider the potential benefits of denominational buying support for the URC and propose next steps.
Main points	**Executive Summary** There is a lack of structure in buying across the URC. This represents a missed opportunity, as the URC could benefit from more systematic procurement approaches and improved resources, especially in tackling its challenges and achieving its targets. Multiple buying support models are possible – Appendix One explores the possibilities. Resources Committee are tasked with costing and establishing an initial service.
Previous relevant documents	Paper N1, General Assembly 2023 (Resolution 49)
Consultation has taken place with...	CLR Steering Group and Sub-Committee Business Committee Resources Committee Survey sent to Church Secretaries (117 responses)

Summary of impact

Financial	Potential cost savings for local churches, synods, and the Offices of General Assembly. Service cost to be agreed between Church Life Fund, Resources Committee, and synods.
External (eg ecumenical)	Potential environmental benefits and opportunities for collaboration with other denominations.

1. Current status of buying in the United Reformed Church

1.1. There is currently no group buying service in the URC. All buying is done locally and independently by churches, synods, and the Offices of General Assembly.

1.2. Buying is an area where many local churches are often in need of support. In a survey sent out to local churches with 117 responses, 37% of respondents suggested that they either need help now with an aspect of buying, or would be interested in help if it was available in the future. The need is not uniform: many churches are happy with their current buying arrangements and do not need additional support. In cases where churches are struggling with their buying, the most commonly identified areas are energy, phone and broadband, maintenance, and insurance.

1.3. The Steering Group decided that there was a need to better understand how a professional procurement approach could help the Church. Tim Llewelyn, a member of Resources Committee, generously offered to undertake a piece of consultancy work to aid Assembly's understanding of procurement opportunities, including the benefits, types of structure, resources, strategies, and potential models. This report can be found in Appendix One.

1.4. A group buying service would be of significant benefit to the Church, bringing cost savings, improved compliance, and better management of risk, among other benefits. A number of ecumenical partners have established procurement services, particularly the Church of England, who operate the Parish Buying Scheme.

An ecumenical version of this scheme is available to all churches, called the Church Buying Scheme, which is operated by 2buy2. The Steering Group have decided not to endorse this platform for use across the denomination at this time, but note that it is available should churches wish to use it.

2. Possible models

2.1. As noted in sections nine and ten of Appendix One, there are numerous ways to structure procurement. Procurement may be centralised, regional, or hybrid; service provision may be in-house (e.g. a staff member or team) or outsourced (e.g. a third-party service like the Church Buying Scheme).

2.2. A model for the URC would need to cater for the Offices of General Assembly, synods, and local churches, which all have different buying needs in different contexts. This means a simple 'centralised' service may not be the most beneficial solution.

3. Finding a procurement solution appropriate for the URC

3.1. A procurement function would be of significant benefit to the URC. The service must be proportionate to our scale, accessible to church members, and cost effective.

3.2. A potential 'best fit' model is explored at the end of Appendix One. This model would be a step-change in our buying culture, and represents a longer-term view of an ideal future, rather than a short or medium-term goal.

Nevertheless, it is clear that there is both need and good reason to establish a service for collective buying in the Church. Responsibility for the operation of this service would fall within the remit of Resources Committee; the Church Life Fund would be in a position to provide funding. The level of funding provided from the Church Life Fund would need to be considered once the shape of the service was decided.

3.3. The Steering Group recommends that Resources Committee undertake further work to establish a procurement service for the URC, focussed initially on energy savings for local churches, and potentially with access to expert in-house support.

Appendix One – Report on Buying in the URC by Tim Llewelyn

1. Introduction

1.1. The URC's Church Life Review ("CLR") has identified a potential opportunity to benefit the denomination through the provision of formalised buying support.

1.2. This paper sets out the buying challenges within the URC and presents Procurement approaches for consideration.

2. Buying in the URC

2.1. Effective: Goods and services get purchased from where they are needed.

2.2. Facility-heavy: Employee and Ministry & Mission ("M&M") costs aside, significant expenditure within the URC is on facilities (eg equipment, maintenance, and utilities).

2.3. Flexible: Limited structure to buying often means those with a demand have freedom of approach.

2.4. Inconsistent: No standardised approach or resources across the URC, even differing between Synods and between Local Churches, with no apparent centralised ownership.

2.5. Inefficient: Duplication of effort across the URC and missed opportunities to get best value-for-money solutions (eg due to a lack of coordination and collaboration).

2.6. Siloed: Goods and services can be purchased without prioritisation of the wider goals of the URC (eg a Local Church committing to a non-green electricity tariff due to a cheap deal and budget constraints but in conflict with net zero ambitions).

2.7. Supplier bias: Repetitive use of suppliers without regular benchmarking - of specification, deliverables, cost, etc - is not uncommon.

2.8. Tactical: Often short-term focussed (eg responding to immediate need and not looking far beyond the current budget year), without longer-term strategic orientation.

2.9. Under-resourced: Buying is frequently performed by people with limited - to no - specialised training, who are doing it in addition to their core role and with restricted time and capacity.

2.10. Vital: Without the relevant goods and services, the URC cannot successfully function.

3. Procurement

3.1. Is the means by which goods and services are bought for an organisation.

3.2. Is a strategic approach to buying, from one-time requirements to recurring needs.

3.3. Begins with the initial recognition of a need (the demand), specifies the requirement, evaluates - and decides on - the source(s) of supply, agrees the terms and conditions of purchase, and ends with the management and performance of delivery.

3.4. Aims to provide fit-for-purpose, value-for-money solutions that meet the needs of the organisation in a compliant manner.

4. Example Goods and Services

4.1. Audio Visual (“AV”) equipment: Screens, microphones, speakers, etc.

4.2. Communications: Internet services, phone contracts, etc.

4.3. Consumables: Cleaning and hygiene products, office supplies, etc.

4.4. Fixtures and fittings: Appliances, furniture, security systems, etc.

4.5. IT: Computers, printers, software licences, etc.

4.6. Printing services: Banners, leaflets, posters, signs, etc.

4.7. Training: Health and safety, fire, first aid, etc.

4.8. Utilities: Electricity, gas, and water.

5. Benefits of Procurement Good Practices

5.1. Cost savings: Through competitive tendering, economies of scale, and negotiation.

5.2. Compliance: Through formal tender documentation, legal contracts, and specialist knowledge (eg from trained workers: data protection, legal, procurement, etc.).

5.3. Risk mitigation: Through the evaluation of potential suppliers, written agreements (eg service levels and other terms and conditions), and supplier performance reviews.

5.4. Strategic and mission alignment: Through standardised documents (covering, for example, environmental and ethical requirements), cross-functional teamwork, and a wider view of requirements.

5.5. Supplier influence: Through greater leverage (due to larger volume of requirements), formal agreements, and the involvement of procurement experts.

5.6. Transparency: Through formal documentation, approval processes, and greater access to spend data.

6. Types of Procurement Structure

6.1. Centralised: A single responsible department that oversees and manages all buying requirements.

Advantages	Disadvantages
Wider, more strategic perspective.	Harder to incorporate all local requirements.
Easier to standardise approach.	Slower to respond to local demands.
Significant control of process.	Less flexible.
Removes duplication of effort.	Significant bureaucracy.
Larger cost savings more likely.	Challenging to implement.

6.2. De-centralised: Multiple departments manage their own buying requirements (e.g. each function / department).

Advantages	Disadvantages
Local requirements well-understood.	Narrower, less strategic perspective.
Faster to respond to local demands.	Many different approaches.
More flexible.	Less process control.
Limited bureaucracy.	Duplication of effort.
Simpler to implement.	Lower cost savings likely.

6.3. Hybrid: A combination of 6.1 and 6.2 (eg common requirements managed centrally, and location-specific requirements managed locally).

Advantages	Disadvantages
Strategic and operational balance.	A compromise.
Savings and requirements balance.	More complex.
Compliance and efficiency balance.	Can cause confusion.
Expertise and resilience balance.	
Adaptable to need.	

7. In-house vs Outsourced Procurement

7.1. In-house: Procurement requirements are managed by an organisation’s own people (this may include external temporary labour, eg to support busy periods).

7.2. Outsourced: Procurement requirements are managed by a third-party service provider on behalf of an organisation, managed through a contract with agreed service levels (this may be located on- or off- site, or a combination of both).

7.3. Comparison:

In-house	Outsourced
Organisation focussed.	Profit orientated.
Non-core activity effort and resource.	Specialist operations.
Culturally aligned.	Integration of cultures.
Hands-on, direct control.	Hands-off, delegated responsibility.
Internal, retained expertise.	Access to more resources and wider expertise.
Direct supplier relationships.	Complex supplier relationships.
Quality assurance management.	Supplier performance management.
Good sensitive information protection.	Higher risk of data and confidentiality breaches.
Increased internal fixed costs.	Increased internal operational costs.
Longer-term benefits and value creation.	Immediate benefits and impact.

NOTE: In-house Procurement can be supplemented by some outsourced elements (eg using a Procurement consultancy company to run a high-value, complex tender where specialist knowledge is required and not available internally).

8. Standardised Procurement Resources

8.1. Overview: Having a ready-made and accessible resource 'toolkit' for repetitive tasks, such as Procurement activities, can either be the most basic form of formalised Procurement within an organisation or one of the critical components of fully formed Procurement functions.

8.2. Types of resource:

- 8.2.1. Governance documents – eg A Procurement policy template.
- 8.2.2. Project documents – eg Business case proposal and timeline templates.
- 8.2.3. Tender documents – eg Request For Information ("RFIs"), Request For Quotations ("RFQs"), and offer evaluation templates.
- 8.2.4. Agreement documents – eg Data processor and service contract templates.
- 8.2.5. Supplier performance – eg Monitoring tools and remedy / escalation guides.
- 8.2.6. Systems – eg Contract management and ordering.
- 8.2.7. Training – eg E-learning, face-to-face (in-person / online), and written guides.

8.3. Significant benefits:

- 8.3.1. Clarity of requirements and agreements – Should reduce the potential of misunderstandings with suppliers and help risk mitigation (eg could otherwise lead to disputes, incorrect delivery, non-compliance, and additional costs).

8.3.2. In-built expertise – Development of these resources by specialists (e.g. Legal and Procurement) should give confidence to those less experienced and skilled in procurement activities, which could be especially helpful at Local Church level.

8.3.3. *Time and effort savings* – Should reduce the duplication of effort, especially if well-tailored to need (eg low cost, low complexity requirements vs high cost, high complexity requirements).

8.4. Resource creation:

8.4.1. *In-house* – More viable and cost-effective if specialised Procurement function(s) exist but often consumes more time and takes resource from day-to-day tasks.

8.4.2. *Outsourced* – Best suited where specialised knowledge (eg legal) and speed of production is required, but it is usually more costly.

9. Procurement Strategies

9.1. Overview: There are many approaches to Procurement so to achieve the most beneficial outcomes, with the most appropriate solutions being determined by a variety of factors (eg requirement, circumstances, and organisational structure). A combination of these approaches is normally required.

9.2. Example approaches:

9.2.1. *"Make" or buy* – Appropriate use of third-party providers rather than internal resources to meet demands (eg use of an external specialist company to design and produce publicity material rather than an internal communications department due to capacity constraints).

9.2.2. *Competitive tenders* – A fundamental Procurement principle that helps an organisation to compare the offerings of different suppliers and to gauge if the pricing provides value-for-money prior to selecting a supplier.

9.2.3. *Bundling requirements* – More potential business through a supplier (eg combining all energy requirements) usually increases a supplier's customer focus, improves a customer's leverage, and results in better pricing offers.

9.2.4. *Commercial frameworks* – Price agreements with suppliers for defined goods / services, which may include fixed rates, discount scales (eg £X per unit for 0-50, £Y per unit for 51-100, £Z per unit for >100), and rebates.

9.2.5. *Multi-year agreements* – Longer-term agreements (eg 3-5 years) for ongoing / recurring requirements often lead to stronger supplier relationships and reduced costs (over-dependence and complacency can arise if too long).

9.2.6. *Purchasing platforms* – The potential to gain from leveraging the economies of scale and existing relationships of third-party service providers (eg via marketplaces), which can be especially beneficial as an interim solution when a new Procurement function is established within an organisation.

9.2.7. *External collaboration* – Looking beyond the boundaries of an organisation can provide additional opportunities (eg another organisation with similar requirements could share services), subject to relevant legislation and complexities.

10. How Procurement can help the URC

10.1. Good stewardship of funds: Purchasing principles and good practices focus on spending money appropriately and reducing unnecessary expenditure, which could be especially helpful with URC budget challenges and deficits.

10.2. Enabling Local Churches: By having readily available specialised Procurement resources and further support (eg a tender run by Church House on behalf of others), local URC churches can be better equipped to effectively and efficiently purchase requirements – it can even free up capacity that can be used for more pressing activities (such as mission and outreach).

10.3. Environmental sustainability: The economies of scale through bundling requirements could lead to more affordable sustainable solutions (eg green energy tariffs), supporting the URC's environmental ambitions and net zero targets.

10.4. Governance and compliance: Expert created resources and formalised knowledge sharing could improve the URC's awareness of the seemingly ever-growing regulatory and legal requirements (eg contract law, data privacy, health and safety, and modern slavery), which should help mitigate risks across all parts of the URC.

11. Other Factors

11.1. Budget ownership: The money for goods and services is held within each organisation, using their own processes and systems from which they may not wish to part. It also means payments must be managed by each organisation, even if a denominational pricing agreement exists.

11.2. Legal structure: The organisation of the URC means such principles, practices, and resources are harder to implement (eg they would have to be voluntarily adopted by Local Churches) and therefore successful implementation requires good change management. This also affects liability and risk ownership.

11.3. Return on investment: Although there are cost and potential head-count implications for a formalised Procurement operation, the cost benefits alone are usually worth the investment. For example, up to double-digit % savings are often possible, and a Procurement expert can save significantly more than the cost of their annual salary in just one mid- to large- value tender.

11.4. Ethical considerations: As with all buying, a procurement service would need to account for environmental and ecological impact, modern slavery, LOAF principles (Local, Organic, Animal-friendly, and Fairtrade), etc. Incorporation of these considerations into denominational buying practices may be made easier with a group buying service.

12. Potential Best-Fit Procurement Model for the URC

12.1. Overview: This proposal for a URC Procurement model considers the above information, with the aim to be fit-for-purpose so to help the URC achieve its mission and objectives whilst having control over this vital function.

12.2. Model:

12.2.1. *Denominational Procurement*

- A dedicated Church House function of trained and skilled Procurement personnel.
- Oversees URC Procurement strategy.
- Empowered to run tenders and arrange commercial agreements that could be used by the whole of the URC. However, the inclusion of Synod and Local Church requirements would depend on where such involvement would be most beneficial / viable (eg high cumulative spend categories - such as energy).
- The URC's centre of excellence for Procurement that provides training for Synods and Local Churches, including the creation and dissemination of standard resources.
- Responsible for any requirements only applicable to Church House operations.

12.2.2. *Regional Procurement*

- A dedicated Synod function of trained and skilled Procurement personnel.
- Employs URC Procurement strategy and standard resources.
- Empowered to run tenders and arrange commercial agreements that are region-specific, where involvement would be most beneficial / viable (eg common spend categories needing a local supply base - such as manse maintenance).
- Responsible for any requirements only applicable to Synod operations.
- Manages the ordering of goods and services needed by the relevant Synod that are subject to Denominational agreements, including the associated payments.
- Supports Denominational Procurement activities (eg provision of Synod expenditure data and lists of requirements).

12.2.3. *Local Procurement*

- At least one trained Local Church member per church.
- Aligns with URC Procurement strategy.
- Uses standard resources where possible and most beneficial.
- Responsible for requirements only applicable to the Local Church's operations.
- Manages the ordering of goods and services needed by the relevant Local Church that are subject to Regional or Denominational agreements, including the associated payments.
- Supports Regional and Denominational Procurement activities (eg provision of the Local Church's expenditure data and lists of requirements).

12.3. Benefits:

12.3.1. *Appropriate focus* – Places the relevant skill, attention, and capacity where the most value can be added.

12.3.2. *Balanced approach* – Has the benefits of a hybrid model, such as the potential for decent cost savings whilst still delivering Local Churches' needs.

12.3.3. *Organisational alignment* – Reflects the URC's current structure so a more natural evolution that should be easier to embed whilst achieving core aims.

12.3.4. *Promotes collaboration* – Communication and partnership between the different URC parties is built into - and integral to - this model.

12.3.5. *Strategic direction* – Procurement leadership from the 'centre', where the most comprehensive oversight of the URC and best missional alignment is possible.

12.4. Other considerations:

12.4.1. *Implementation* – A phased approach (probably starting with standard resource creation and dissemination) should be advantageous for a successful launch, establishment, and the maturity of this model.

12.4.2. *Interim* – Due to implementation timescales of such a model, more immediate Procurement benefits (eg cost savings) could be achieved by utilising ready-made third-party buying channels in the meantime, such as "Church Buying" from 2buy2 (as has been used by the Church of England and other UK denominations).

12.4.3. *Systems* – Common Procurement / ordering systems could be beneficial, especially for transparency of the biggest individual spending areas of the URC: Church House and Synods. However, the implications from the URC's legal structure and the associated costs may neutralise its impact.

13. Conclusion

13.1. This CLR activity is the perfect opportunity to improve the status quo of the URC's buying operations, which currently does a job but could be done smarter, more effectively, and with greater efficiency.

13.2. Incorporation of more systematic Procurement approaches and improved resources should have a multitude of benefits across the denomination, including - but not limited to - our Christian duty of being good stewards of God's provisions (eg Proverbs 21:20).

13.3. Success would be realised if the instinct of each person buying goods and services is not the likes of simply "*I will buy that from my favourite supplier because it is quick and I have the necessary funds"* but rather the likes of *"Should I buy that, from that supplier, for that price - even though I have enough budget?"* In such a culture, the other benefits should follow.

13.4. Sufficient time and effort should be given to finalising a suitable solution, using approaches such as benchmarking and cost benefit analysis, and also to implementing the selected model. [Note: Church consultation has been initiated via a survey.]

13.5. As a minimum (and potentially as a first phase), the creation and provision of a standard Procurement resources ‘toolkit’ and the centralisation of at least some Procurement activity is recommended.

13.6. Use of an existing third-party buying channel could be a relatively “quick win” whilst the final Procurement model is established and brought to maturity (and could even supplement the future approach). However, viability and affordability of this approach requires further investigation.