

The Proposal

1. That a National Procurement Service be established to carry out common and repetitive spend once for Wales
2. That it has independent cross-sector governance – through an NPS Board attended by Chief Executives
3. That it be set up on a ‘category management’ basis – structured so that lead officers have a good understanding of spend, future demand and the market and develop appropriate and relevant category sourcing strategies
4. That investment of £2.4million per annum be made in the NPS – to secure a savings benefit of £74.8million over 5 years which is £34million over and above current arrangements. Sector specific savings projections can be found in section 13 of the appendix to the Business Case – page 138.
5. That in addition to generating savings the NPS is tasked with developing opportunities to deliver social and economic benefits
6. That organisations commit to using the NPS for a 5 year period – and fully using associated contracts other than on an exception basis agreed in advance of tender and through justification to NPS Board. This is on the assumption that the NPS is centrally funded directly through WG budget process until it reaches a point of maturity; estimated in Year 3 (2016/2017) of operation; at which point it is proposed that the funding model switches to a self funding rebate from 2017/2018 onwards
7. That local procurement expertise be retained to deliver local spend categories and to put in place the controls to ensure organisational compliance with agreed national contracts
8. That sector based collaboration continues so as to service spend areas unique to a given sector where collaboration will drive benefit.

Features

- Strategic vehicle for procuring common goods and services for Wales, taking into account the needs of all sectors.
- Central delivery model with own governance structure with appropriate representation from all sectors
- Focus on three key aspects of the procurement process – Developing Common Specifications, Tendering and Contract Management.
- Structured on a category management basis; will seek to leverage the procurement scale; influence demand management and implementing best practice approaches.
- Utilises Welsh Public Sector Procurement policy to support best practice.
- Capability to procure as yet unknown new or innovative solutions in support of public service reform.
- Co-ordinated approach to procurement which seeks to develop the SME community within Wales.
- Provide effective supplier relationship management through a single route.

Benefits

- Cashable savings achieved through reduced total cost of acquisition for the common and repetitive spend goods and services, estimated at £75million over 5 years
- Cost avoidance benefits delivered through the simplified procurement and increased compliance
- Opportunity to be gained by individual stakeholder organisations by redeploying their scarce resources onto higher risk more critical spend areas
- Developing the professionalism and capability of the procurement community in Wales.
- Positive impact on the Welsh economy
- Easier for suppliers to engage and transact with the Welsh public sector.

NPS Categories in Scope / Out of Scope

Category	Subcategories considered within the scope of a National Procurement Service	Subcategories considered out of the scope of a National Procurement Service initially	Subcategories included in NPS review (£m)
Information Communication Technology	Hardware, Consumables, Software, Telecoms, Network and Support	Repair, Photographic Equipment and Website Design	£291.80
Utilities	Electricity, Gas and Petroleum	Water, Wind, Solar, Coal and Wood	£153.30
Facilities & Management Services	Maintenance Services, Travel, Advertising and Printers	Design, Photography and Market Research	£99.50
Human Resources	Employment agencies and translators	Advisory Services and Training	£74.40
Consultancy	Business and Technical consulting	Highly specialised - e.g. Planning, Food and Geological	£68.60
Vehicle Management	Vehicle acquisition, Lease and Hire	Heavy construction and Industrial	£75.80
Catering	Catering Supplies, Food and Vending	Fresh food, Equipment Maintenance, Linen Services and Caterers	£53.00
Legal Services	Solicitors	Specialist support, Barristers	£35.20
Healthcare	Medical and Mobility Equipment	Drugs, Specialist Medical Supplies and Hospital Equipment	£30.00
Construction Materials	General Materials, Electrical Supplies and Equipment Hire	Specialist Materials - e.g. fencing, bathroom and kitchen	£20.00
Stationery	Paper and General Stationery Supplies	Sundries including Promotional items	£14.20
Furniture & Soft Furnishings	Office Furniture & Equipment	Commercial Furniture and Social Care Supplies	£14.20
Mail Service	Postal Services, Couriers and Mailing Equipment	Freight and Mailroom services	£16.40
Clothing	Uniforms, Workwear, Protective and Safety Equipment	Specialist protective clothing	£10.80
Cleaning & Janitorial	Cleaning Materials and Equipment	N/A	£5.70
Education	Audio-visual Equipment & Supplies	Services and Books	£4.20
TOTALS			£967.00