

AGENDA ITEM 4**WELSH PURCHASING CONSORTIUM****MANAGEMENT BOARD****24TH APRIL 2013****REPORT OF THE CHAIRMAN OF THE WPC OFFICERS GROUP: FUTURE OF THE WPC****1 INTRODUCTION**

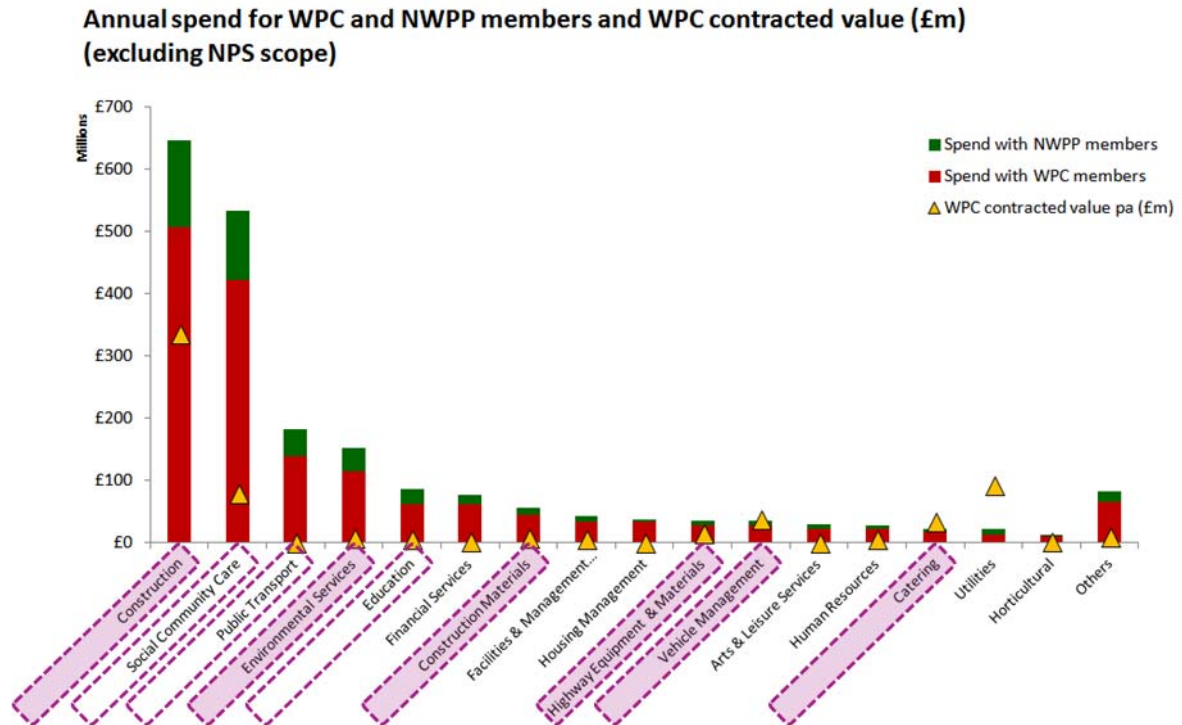
- 1.1 The Board will recall the discussions at the last meeting regarding the future role of the WPC in light of the creation of the National Procurement Service. The NPS will be responsible for establishing and managing procurement arrangements in respect of “common and repetitive spend” i.e. expenditure on products and services purchased by the whole Welsh public sector which is estimated as covering 20% of total Local Government spend.
- 1.2 The NPS Business Case stated that savings will be obtained through a reduced total cost of acquisition for common and repetitive spend goods and services. This will be achieved through leveraging the scale, combining buying power of the Welsh public sector and standardising specifications across users. Based on implementing the procurement strategies identified, the Business Case states that the potential for incremental annual savings ranges between £9.2m and £24.6m across the Welsh public sector.
- 1.3 In terms of the remaining 80% of local government specific spend the WPC Officers Group undertook an initial high level mapping exercise in November 2012 which estimated the accessible spend figure (ie excluding expenditure on existing WPC Arrangements) as approximately £850 million per annum.
- 1.4 The Board agreed that further in depth analysis was required in order to fully understand the make up of this figure. This spend is in more challenging areas and strategies that could release further efficiencies for Local Authorities through a more collaborative approach based on the WPC model need to be considered. At the same time, the Board also stressed the importance of maintaining the WPC portfolio and accepted the significant role the Consortium continues to play.
- 1.5 Board members have commented on the importance of including the six North Wales Authorities within the exercise and their expenditure has been included in the analysis. Heads of Procurement in North Wales were also formally invited to take part. This approach was

agreed with the Head of the North Wales Procurement Partnership (NWPP) who attended the February WPC Officers Group meeting.

2 PROCESS METHODOLOGY

- 2.1 The Board will be aware that the process methodology adopted by the WPC mirrors the approach used by Value Wales in respect of the data analysis and efficiency projection work that was used to complete the NPS Business Case. That approach was endorsed by the NPS Project Board and the Procurement Board which included senior representatives from Local Government
- 2.2 The expenditure analysis element of the NPS Business Case was supported by Ray Legge of Geneca Ltd. In order to further align the WPC approach, the Board agreed that he be retained to ensure that a parallel and complimentary approach is adopted within the project.
- 2.3 The Officers Group determined that the WPC expenditure analysis should, as far as possible, be undertaken in line with the WPC Category Group structure. The data would be addressed and analysed by Category Groups in a formal workshop setting.
- 2.4 Ray Legge presented the initial data sets to the WPC Officers Group meeting held on 14th February. Following a review by colleagues the Workshop Headings were agreed as follows:-
 - Construction (excluding building materials, highway materials and Facilities Management)
 - Building/Construction/Highways Materials
 - Environment (including Waste)
 - Catering
 - Fleet

2.5 Actual spend (excluding NPS scope) in these areas across local government is estimated as follows:-



2.6 The following points bring some further context to the WPC workshop environment:-

- The expenditure analysed was for the last full year available i.e. 2010/11. This was also the primary source data set used for the NPS Business Case.
- We are advised that the NPS will not take responsibility for Fresh Food. This has caused some debate within the WPC given that the NPS Business Case is predicated on a formal Category Management approach to procurement. This will be addressed through the WPC Food Group going forward and the Board will be updated.
- Public Transport was not considered at this time as this expenditure is the subject of a larger consultation exercise within the Welsh public sector which is being coordinated by the Welsh Government/WLGA
- Given the ongoing debate around procurement and commissioning of Social Care and the requirement for more effective engagement with Social Care Commissioners in terms of a WPC wide approach, this area of spend was not considered as part of the Workshop approach. Discussions regarding effective engagement with Social Care Commissioners have taken place however they have not progressed as quickly as initially envisaged. The WPC Officers Group has

subsequently instructed the Procurement Manager to progress the issue with the WLGA as soon as possible given the significance of the spend . The Chair of the WPC Social Care Category Group will also play a critical role in moving this forward.

- 2.7 The Workshops were held on 14th and 19th March and each was facilitated by the Chair of the relevant WPC Category Group.
- 2.8 It is extremely pleasing to note that 55 Staff from fifteen Authorities in Wales attended the Workshops, which included product specialists, technical/service specialists and procurement professionals. This ensured an open and healthy debate.

3 WORKSHOP OUTCOMES

- 3.1 Ray Legge presented his Report on the Workshop Outcomes to the WPC Officers Group on 12th April which confirmed that the total additional spend in the areas analysed by the Category Groups and considered as “addressable” in terms of potential further efficiency gains in the areas is estimated at £430.3 million per annum. (this figure excludes the 6 North Wales Authorities). The Board is reminded that colleagues took into account the same strategies as those utilised for the NPS when undertaking our analysis.
- 3.2 The outcomes and initial efficiency projections have not been subject to formal review/challenge and therefore must be denoted as “raw”. This was debated at length by the WPC Officers Group which concluded that although some good progress has been made in terms of innovative approaches, the WPC will be required to increasingly adopt more innovative strategies to drive efficiencies. These will be in areas such as driving improvement through individual supply chain development, increased support and guidance for local and regional suppliers and more formal use of Community Benefits (training, job creation etc) in our procurement strategies and activity. This critical work will be undertaken by the WPC Category Groups.
- 3.3 The Officers Group agreed that it would be challenging to translate some of these innovative strategies into a monetary value, however they must be considered as being of critical importance to the WPC members going forward.
- 3.4 However the Officers Group concluded that, notwithstanding the challenges around some of the approaches and timescales identified at the Workshops, a “range” of projected efficiencies should be presented to the Management Board. The Officers Group consider this range of between 1% and 3% of the £430.30 million annual addressable spend, i.e. between £4.3 million and £12.9 million.

- 3.5 It is fully accepted that we will need to work further with local and regional stakeholders (including suppliers) to implement the approaches identified and realise these efficiencies
- 3.6 The range of efficiency projection reflects the pragmatic approach taken by colleagues and an acceptance of the challenges that increased collaboration will bring. As with the NPS, the Officers Group feels that ensuring “buy in” to Consortium arrangements at the highest level within Authorities will be essential if the efficiency projections are to be achieved.
- 3.7 The WPC Officers Group considers that actually realising these efficiencies should be considered over a 2–5 year delivery period aligning with projections accepted for the NPS.

4 OTHER ISSUES

- 4.1 There is now a very real opportunity to establish a single local government Consortium arrangement which could represent the interests of all 22 Authorities. Board members will be aware that the existence of two collaborative procurement organisations in local government was not viewed positively by the NPS Project Board when considering the most appropriate operating model.
- 4.2 A collaborative All Wales Local Government Procurement Service would operate between the NPS and local/regional procurement initiatives and would not be in competition with these other initiatives. Such an arrangement could deliver additional efficiencies to those delivered to date through existing collaborative working, whilst fully supporting indigenous local and regional suppliers.
- 4.3 The approach was recommended in the original Business Case which resulted in the expansion of the WPC to sixteen members and is aligned with the recommendations within the recent Report – Maximising the Impact of Welsh Procurement Policy (John McClelland). It is also aligned with the Welsh Government’s drive to increase collaboration in the public sector
- 4.4 The Board has sanctioned a formal approach to the six North Wales Authorities which was actioned in the form of a letter to each Chief Executive on 5th February 2013. The proposal has the full support and endorsement of the WLGA and the issue was highlighted in a report to the WLGA Council meeting held on 22nd February. This report can be accessed through the following link:-
<http://www.wlga.gov.uk/wlga-council-1/wlga-council-meeting-22-feb-2013/>
- 4.5 There is uncertainty as to when the NPS will actually be in a position to take over operational responsibility for existing contractual arrangements currently managed by the WPC and establish its own procurement arrangements, or what their Forward Contract Plan will look like.

Therefore the WPC Officers Group considers that Category Groups should now make realistic assumption as to the areas that will remain with the WPC and plan our Forward Contract Programme accordingly and advise the NPS. This will ensure that the NPS and the WPC are able to maximise the delivery of savings potential and avoid any duplication of effort.

- 4.6 It is positive to note that Steve Robinson, Head of Procurement at Cardiff Council has been nominated by John House, Chief Executive of Cardiff to sit on the NPS Implementation Board. Regular updates will be provided to the WPC Officers Group.
- 4.7 There are currently 67 formal WPC Arrangements in place (see Appendix A). The Procurement Manager has, with the authority of the Officers Group, agreed with the NPS Quick Wins Project Manager that responsibility for 16 of the more obvious contracts that are “in scope” for the NPS could transfer in the short/medium term and comprehensive detail and documentation has been made available. If the WPC does not continue then Authorities would need to independently establish suitable alternative and compliant arrangements for the remaining 51 arrangements which will add an additional operational burden to Procurement Units and will inevitably impact on efficiencies currently achieved through the WPC
- 4.8 In addition to the collaborative procurement arrangements in place within the WPC, the Officers Group were conscious of the very positive “added value” resource that has been established and which is being expanded on an ongoing basis eg suite legal guidance, standard terms & conditions of contract, standard Tender documentation and felt that losing this resource would present challenges.
- 4.9 Funding for the WPC from the sixteen member Authorities is in place until 31st March 2014. This will need to be addressed as part of this review. The Board has agreed to reduce the annual WPC Membership from £14,892 to £13,500 for 2013/14 to deliver a balanced budget. This means no further contribution to the estimated balance on the reserve which is projected as £348,127 at March 31st 2013.
- 4.10 Should further funding for the WPC beyond March 2014 be sanctioned, the existing WPC Organisational Model would need to be formally reviewed and recommendations presented to the Board as soon as practicable.
- 4.11 This Report is endorsed by the WPC Officers Group at their meeting held on 12th April, 2013

RECOMMENDATIONS

- a) That the Board agree to recommend to member Authorities that funding for the WPC be extended to 31st March 2016 at a maximum annual contribution of £13,500**

- b) Subject to the agreement of above, a future formal review of the WPC Organisational Model be undertaken by the Officers Group to see if the WPC is 'fit for purpose', with the recommendations to be brought to a future Board meeting**

**Andy Maisey (Chair of the WPC Officers Group)
Head of Procurement,
Torfaen County Borough Council**

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WPC Management Board - 24th April, 2013									
Category	Subcategory	Contract name	Scope	Estimated Contract Value (£m)	Start date	Contract length summar	End date excluding extensions	End date including maximum extension period possible	
Construction	Construction - Buildings	Powys Regional Property Construction F/W	Not in NPS scope (rejected)	£250.0	01/10/2010	1+1	30/09/2011	30/09/2012	
Construction	Construction - Roads	SE Wales Highways F/W	Not in NPS scope (rejected)	£200.0	01/04/2009	4	31/03/2013	31/03/2013	
Construction	Construction - Buildings	SEWSCAP Schools and Public Buildings F/W	Not in NPS scope (rejected)	£143.0	01/01/2011	4	01/01/2015	01/01/2015	
Construction	Construction - Buildings	SW Wales Regional Contractors F/W	Not in NPS scope (rejected)	£300.0	01/09/2011	3+1	31/08/2014	31/08/2015	
Legal Services	Legal Services - Specialist Support	SWW Legal Technical Services - Barristers & Solicitors	In NPS scope - accepted strategy	TBC	01/04/2011	3+1	31/03/2014	31/03/2015	
Information Communication Technology	ICT - Consumables	V/W IT Consumables F/W	In NPS scope - accepted strategy	TBC	04/06/2009	2+2	03/06/2011	03/06/2013	
Stationery	Stationery - Sundries	V/W Stationery F/W	In NPS scope - accepted strategy	TBC	01/06/2008	2+2	31/05/2010	31/05/2012	
Furniture & Soft Furnishings	Furniture - Educational Furniture	V/W Supported Factories F/W	In NPS scope - accepted strategy	TBC	01/04/2009	2+2	31/03/2011	31/03/2013	
Consultancy	Consultancy - Technical & Feasibility	WG Technical Consultancy Services F/W	In NPS scope - accepted strategy	£20.0	12/04/2010	3+1	11/04/2013	11/04/2014	
Utilities	Utilities - Electricity	WPC / GPS Energy Arrangement	In NPS scope - accepted strategy	£400.0	01/11/2009	5	31/10/2014	31/10/2014	
Utilities	Utilities - Other	WPC / GPS Energy Arrangement	In NPS scope - accepted strategy		01/11/2009	5	31/10/2014	31/10/2014	
Catering	Catering - Food & Beverages	WPC Alcoholic Beverages	In NPS scope - accepted strategy	£3.1	01/07/2011	3+1	30/06/2014	30/06/2015	
Social Community Care	Social Care - Children	WPC All Wales Looked After Children - Foster Care F/W (L1&2)	Not in NPS scope	£160.0	01/05/2012	3+1	30/04/2015	30/04/2016	
Environmental Services	Environmental - Demolition & Asbestos Removal	WPC Asbestos Removal Services	Not in NPS scope	£25.0	01/09/2010	2+2	01/09/2012	01/09/2014	
Catering	Catering - Food & Beverages	WPC Bread & Cakes	In NPS scope - accepted strategy	£2.6	01/07/2012	3+1	30/06/2015	30/06/2016	
Catering	Catering - Equipment & Utensils	WPC Catering Consumables	In NPS scope - accepted strategy	£1.6	01/09/2012	3+1	31/08/2015	31/08/2016	
Facilities & Management Services	Facilities & Management Services - Other	WPC Cyclical Maintenance F/W - Electrical	In NPS scope - accepted strategy	£2.8	01/11/2011	3.4	31/03/2015	31/03/2015	
Facilities & Management Services	Facilities & Management Services - Other	WPC Cyclical Maintenance F/W - Mechanical	In NPS scope - accepted strategy	£3.5	01/06/2012	3.8	31/03/2016	31/03/2016	
Facilities & Management Services	Facilities Mgmt - Advertising	WPC Direct to Press Classified Advertising Service	In NPS scope - accepted strategy	£9.7	04/09/2012	3+1	03/09/2015	03/09/2016	
Catering	Catering - Food & Beverages	WPC Fresh Pasteurised Milk & Dairy	In NPS scope - accepted strategy	£9.0	04/04/2011	3+1	03/04/2014	03/04/2015	
Catering	Catering - Food & Beverages	WPC Fresh Prepared & Unprepared Fruit, Vegetables and Salad	In NPS scope - accepted strategy	£8.0	04/03/2013	3+1	03/03/2016	03/03/2017	
Catering	Catering - Food & Beverages	WPC Fresh, Frozen & Cooked Meat	In NPS scope - accepted strategy	£8.4	01/06/2013	3+1	31/05/2016	31/05/2017	
Catering	Catering - Food & Beverages	WPC Frozen Plated Meals	In NPS scope - accepted strategy	£2.2	01/09/2011	3+1	01/09/2014	01/09/2015	
Catering	Catering - Food & Beverages	WPC Groceries Provisions & Frozen Foods	In NPS scope - accepted strategy	£60.0	01/05/2012	3+1	30/04/2015	30/04/2016	
Horticultural	Horticultural - Chemicals	WPC Grounds Maintenance, Equipment & Spares	Not in NPS scope		01/01/2012	3+1	31/12/2014	31/12/2015	
Horticultural	Horticultural - Seeds & Plants	WPC Grounds Maintenance, Equipment & Spares	Not in NPS scope	£5.7	01/01/2012	3+1	31/12/2014	31/12/2015	
Horticultural	Horticultural - Soils & Dressing	WPC Grounds Maintenance, Equipment & Spares	Not in NPS scope		01/01/2012	3+1	31/12/2014	31/12/2015	
Horticultural	Horticultural - Tools & Equipment	WPC Grounds Maintenance, Equipment & Spares	Not in NPS scope		01/01/2012	3+1	31/12/2014	31/12/2015	
Human Resources	HR - Temporary & Agency Staff	WPC Managed Service for the Provision of Agency Staff	In NPS scope - accepted strategy	£20.0	01/02/2012	3+1	31/01/2015	31/01/2016	
Construction Materials	Construction Materials - Bathrooms	WPC Plumbing & Rainwater Goods	In NPS scope - accepted strategy		01/11/2011	2+1+1	31/10/2013	31/10/2015	
Construction Materials	Construction Materials - Heating & Air Conditioning	WPC Plumbing & Rainwater Goods	In NPS scope - accepted strategy	£5.0	01/11/2011	2+1+1	31/10/2013	31/10/2015	
Construction Materials	Construction Materials - Plumbing	WPC Plumbing & Rainwater Goods	In NPS scope - accepted strategy		01/11/2011	2+1+1	31/10/2013	31/10/2015	
Catering	Catering - Food & Beverages	WPC Prepared Sandwiches & Sandwich Fillings	In NPS scope - accepted strategy	£2.4	01/12/2011	4	30/11/2015	30/11/2015	
Clothing	Clothing - Protective	WPC Protective Clothing & Personal Protective Equipment	In NPS scope - accepted strategy	£2.1	01/08/2012	3+1	31/07/2015	31/07/2016	
Financial Services	Financial Services - Banking	WPC Provision of Banking and Merchant Card Services	Not in NPS scope	£5.0	01/05/2011	2+2	30/04/2013	30/04/2015	
Healthcare	Healthcare - Counselling	WPC Provision of Occupational Health & Associated Services	In NPS scope - accepted strategy	£4.0	01/06/2012	3+1	31/05/2015	31/05/2016	
Healthcare	Healthcare - Services	WPC Provision of Occupational Health & Associated Services	In NPS scope - accepted strategy		01/06/2012	3+1	31/05/2015	31/05/2016	
Construction	Construction - Other	WPC Provision of Re-locatable and Modular Accommodation	Not in NPS scope (rejected)	£7.0	03/09/2012	3+1	02/09/2015	02/09/2016	
Environmental Services	Environmental - Forensic & Laboratory	WPC Public Analyst Service	Not in NPS scope	£0.5	01/01/2012	2+2	31/12/2013	31/12/2015	
Social Community Care	Social Care - Children	WPC South & Mid Wales Looked After Children - Residential Care F/W	Not in NPS scope	£110.0	01/05/2012	2+2	30/04/2013	30/04/2016	
Horticultural	Horticultural - Trees & Shrubs	WPC Summer Bedding Plants, Trees & Shrubs	Not in NPS scope	£1.0	01/02/2013	3+1	31/01/2016	31/01/2017	
Construction Materials	Construction Materials - Floor Coverings	WPC Supply and Installation of Floor Coverings	In NPS scope - accepted strategy	£3.6	01/12/2012	2+2	30/11/2013	30/11/2016	
Highway Equipment & Materials	Highways - Rock Salt	WPC Supply of Bulk Rock salt	Not in NPS scope	£20.0	01/06/2011	2+2	30/05/2013	30/05/2015	
Education	Education - Arts & Crafts	WPC Supply of Education & Curriculum Aids	In NPS scope - accepted strategy		01/09/2010	2+1	31/08/2012	31/08/2013	
Education	Education - School Musical Instruments	WPC Supply of Education & Curriculum Aids	In NPS scope - accepted strategy	£6.0	01/09/2010	2+1	31/08/2012	31/08/2013	
Education	Education - Supplies	WPC Supply of Education & Curriculum Aids	In NPS scope - accepted strategy		01/09/2010	2+1	31/08/2012	31/08/2013	
Education	Education - Toys	WPC Supply of Education & Curriculum Aids	In NPS scope - accepted strategy		01/09/2010	2+1	31/08/2012	31/08/2013	
Vehicle Management	Vehicle Mgmt - Fuel	WPC Supply of Fuel Oils and Fuel Cards	In NPS scope - accepted strategy	£130.0	01/04/2011	3+1	31/03/2014	31/03/2015	
Construction Materials	Construction Materials - General Materials	WPC Supply of General Building Materials	In NPS scope - accepted strategy	£5.0	01/04/2010	2+2	31/03/2012	31/03/2014	
Construction Materials	Construction Materials - Glazing	WPC Supply of Glass, Polycarbonate & Double Glazed Units	In NPS scope - accepted strategy	£1.5	01/04/2013	2+2	31/03/2015	31/03/2017	
Highway Equipment & Materials	Highways - Bitumen & Surface Dressing	WPC Supply of Highways Maintenance & Traffic Management Products	Not in NPS scope		01/02/2013	2+2	31/01/2015	31/01/2017	
Highway Equipment & Materials	Highways - Paving & Kerbstones	WPC Supply of Highways Maintenance & Traffic Management Products	Not in NPS scope	£19	01/02/2013	2+2	31/01/2015	31/01/2017	
Highway Equipment & Materials	Highways - Signage	WPC Supply of Highways Maintenance & Traffic Management Products	Not in NPS scope		01/02/2013	2+2	31/01/2015	31/01/2017	
Construction Materials	Construction Materials - Kitchens	WPC Supply of Kitchen Furniture	In NPS scope - accepted strategy	£1.3	01/04/2010	2+2	31/03/2012	31/03/2014	
Education	Education - Audio Visual	WPC Supply of Library A/V Products (Music CD's, DVD's & Audio Books)	In NPS scope - accepted strategy	£0.6	01/09/2009	2+2	31/08/2011	31/08/2013	
Education	Education - Library Books	WPC Supply of Library Books, Text Books, Publications & Associated Services	In NPS scope - accepted strategy	£10.8	01/04/2009	3+1	31/03/2012	31/03/2013	
Highway Equipment & Materials	Highways - Aggregates	WPC Supply of Macadam & Drystone Aggregates	Not in NPS scope	£8.5	01/11/2010	2+1	31/10/2012	31/10/2013	
Construction Materials	Construction Materials - Fencing	WPC Supply of Miscellaneous Building Materials	In NPS scope - accepted strategy		01/09/2012	2+2	31/08/2016	31/08/2016	
Construction Materials	Construction Materials - Paint & Finishing	WPC Supply of Miscellaneous Building Materials	In NPS scope - accepted strategy	£4.0	01/09/2012	2+2	31/08/2016	31/08/2016	
Construction Materials	Construction Materials - Roofing	WPC Supply of Miscellaneous Building Materials	In NPS scope - accepted strategy		01/09/2012	2+2	31/08/2016	31/08/2016	
Furniture & Soft Furnishings	Furniture - Office Furniture	WPC Supply of Office Furniture	In NPS scope - accepted strategy	£4.8	01/07/2010	3+1	30/06/2013	30/06/2014	
Highway Equipment & Materials	Highways - Concrete	WPC Supply of Readymix Concrete	Not in NPS scope	£1.6	01/05/2011	2+1	30/04/2013	30/04/2014	
Catering	Catering - Food & Beverages	WPC Supply of Soft Drinks, Crisps, Snacks & Confectionary	In NPS scope - accepted strategy	£14.4	01/04/2012	3+1	30/03/2015	30/03/2016	
Construction Materials	Construction Materials - Timber	WPC Supply of Timber, Sheet Material and Doors	In NPS scope - accepted strategy	£2.1	01/11/2011	2+2	31/10/2013	31/10/2015	
Construction Materials	Construction Materials - Hand Tools	WPC Tools & Equipment	In NPS scope - accepted strategy	£0.7	01/05/2012	3+1	30/04/2015	30/04/2016	
Catering	Catering - Vending Machines & Dispensers	WPC Vending Machines	In NPS scope - accepted strategy	£1.0	01/05/2012	3+1	30/04/2015	30/04/2016	
Catering	Catering - Vending Machines & Dispensers	WPC Water Coolers	In NPS scope - accepted strategy	£1.0	01/04/2013	3+1	31/03/2016	31/03/2017	

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