



POLICY AND RESOURCES SCRUTINY COMMITTEE – 14TH APRIL 2015

**SUBJECT: NATIONAL PROCUREMENT SERVICE (NPS) FOR WALES PROGRESS
REPORT**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to advise Members of the progress made with the National Procurement Service (NPS) for Wales and to seek the views of Scrutiny on the proposed recommendations to Cabinet on the Authority's future working arrangements with the NPS.

2. SUMMARY

- 2.1 Cabinet received a report in November 2012, which made recommendations to join the Welsh Governments National Procurement Services. Members approved the recommendations within the Report.
- 2.2 At the time of reporting in 2012, the level of information available to Officers from the NPS was high level and lacked detail as to the actual category areas that would be adopted on an 'All Wales' basis. The National Procurement Service has been in operation for over twelve (12) months, individual category details are currently being defined. We are now in possession of a detailed forward work plan (pipeline) for the next two (2) years (an electronic copy of which is available upon request from Procurement Services - procurement@caerphilly.gov.uk).

3. LINKS TO STRATEGY

- 3.1 The information contained within this report supports and facilitates the following key strategies:
- Buying Smarter in Tougher Times
 - Wales Procurement Policy 2012
 - Caerphilly CBC Procurement Policy and Strategy 2013

4. THE REPORT

- 4.1 In 2012, Cabinet approved the action to join the National Procurement Service for Wales for the following ten (10) Category Areas:
- Information Communication & Technology
 - Utilities

- Facilities & Management Services
- Human Resources
- Consultancy
- Healthcare
- Construction Materials (Outside the WHQS Remit)
- Furniture & Soft Furnishings
- Mail Services
- Clothing

- 4.2 The Authority via a Cabinet decision decided to opt out of the NPS and to continue with the Authority's own Procurement Strategy for the following Category areas:
- Vehicle Management
 - Catering
 - Legal Services
 - Construction Materials Associated with WHQS
 - Stationery – as long as the Joint Supplies (CBS) is in existence
 - Educational Supplies – as long as the Joint Supplies (CBS) is in existence
- 4.3 Within the last twelve (12) months the NPS has awarded three (3) contracts and are currently in the procurement process for fourteen (14) (via four (4) formal contract notices, eight (8) prior information notices (PIN) and two (2) Speculative Notices). Contract Management of a number of existing contracts have also been transferred from the Welsh Purchasing Consortium (WPC) to the NPS.
- 4.4 As the NPS function continues to develop and we see the delivery of key contracts and frameworks, it may be beneficial for the Authority to consider using arrangements, which the Authority originally decided not to participate.
- 4.5 The NPS has a robust and complicated 'opt out' procedure for use if and when an organisation wishes to withdraw from a commodity area that it had initially committed to using. This process requires sign off by the Procurement Delivery Group and Procurement Board. This process is only applicable to organisations that have given a commitment to join a specific category area. To date only a limited number of "opt out" requests have been received and all have been rejected.
- 4.6 The decision taken by Cabinet in 2012 has left this Authority in a strong position when deciding which contracts should remain under the Authority's control, having opted out for a number of category areas as detailed in paragraph 4.2 of this report. The decision taken in 2012 has given the Authority greater flexibility than other Authorities whom decided to 'opt in' for all category areas. These Authorities now find themselves involved in lengthy processes when trying to opt out of a contract that is not suitable.
- 4.7 Given the prudent approach already taken there has not been a requirement to reconsider the Authority's position as we have worked successfully within the remit of the Cabinet decision taken in 2012. However, the NPS are currently tendering the provision of legal services, which is seen as beneficial to the Authority. Officers have therefore given a provisional indication that we would wish to participate going forward, subject to Cabinet approval.
- 4.8 Going forward the Authority will require flexibility in opting into contract arrangements, which are seen as beneficial to the Authority. It is therefore recommended within the report that Cabinet gives delegated authority to the Head of Procurement, in consultation with the Cabinet Member for Corporate Services, to opt into such arrangements when able to demonstrate value for money for the Authority. All decisions to be supported by an internal business case and agreed with the appropriate Head of Service. The same flexibility will be required in relation to opt outs.

- 4.9 A decision was taken by the Joint Committee of the Welsh Purchasing Consortium (WPC) on 24 September 2014 that funding for the current WPC model will be terminated at 31 March 2016. As a result of this decision, the work of the WPC as we know it will cease. During the transition period of expiring WPC Contracts and starting new NPS Contracts it is possible that we will see gaps in the availability of compliant contracts. Therefore, the Authority will need to manage these issues as and when necessary to reduce the risks of non-compliance to the Authority.
- 4.10 The decision taken by the WPC Joint Committee is based on the fact that most of its work has now transferred to the NPS and to continue with such an organisation is an unnecessary duplication and cost to organisations such as Caerphilly CBC.

5. EQUALITIES IMPLICATIONS

- 5.1 The NPS Delivery Group has recently noted that an All Wales Framework will promote the benefits of the Welsh language, in line with the proposed requirements of the Welsh Language (Wales) Measure 2011, and Equalities in Procurement is one of the Wales-specific duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.
- 5.2 The Council's Procurement pre-tender questionnaire contains a requirement that organisations undertaking work or providing services on behalf of the council do so in a manner that complies with the Council's Strategic Equality Plan and Objectives. This ensures that third parties do not inadvertently put the council at risk of failing to comply with its Equalities and Welsh language statutory duties.
- 5.3 An **EqIA screening** has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EqIA has not been carried out

6. FINANCIAL IMPLICATIONS

- 6.1 Welsh Government has committed to an investment of £2.4 million per annum to develop the NPS for Wales. Welsh Government will centrally fund the NPS for three (3) years to 2016/2017, after which the model will switch to a self-funding rebate model from 2017/2018 onwards. It is envisaged that the NPS will charge 0.45% levy on all purchases through NPS Contracts to fund their operation.

7. PERSONNEL IMPLICATIONS

- 7.1 The staffing implications for the development of a NPS are currently unknown. There is a possibility that some staff may have TUPE rights in relation to the commodity areas suggested as Common and Repetitive.

8. CONSULTATION

- 8.1 Officers have been consulted on the content of the report and views have been reflected within the report.

9. RECOMMENDATIONS

- 9.1 Scrutiny Committee is asked to consider this report and its recommendations and comment for future consideration by Cabinet.

- 9.2 That the Authority remains opted out of the commodity areas in paragraph 4.2 of this report until such time that Officers can demonstrate best value to opting in.
- 9.3 That the Authority takes forward the opportunity to opt in to the Legal Services framework currently being developed by the NPS.
- 9.4 That the decision to opt in and or out of commodity areas in the future will be delegated to the relevant member of CMT for the service area and Head of Procurement in consultation with the Cabinet Member for Corporate Services.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure the Authority is making procurement decisions, which can demonstrate best value to the Organisation whilst maintaining adherence to the Authority's Procurement Strategy, which includes SME Development.

11. STATUTORY POWER

- 11.1 Local Government Act 1972 and 2000.

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Background Papers: Procurement Review Files (contains recent review)
 Procurement KPI File
 Procurement Spikes Observatory Database
 NPS Full Business Case (available in the Members Library)
 NPS Procurement Report (November 2012)

Appendices:

Contact Procurement Services (procurement@caerphilly.gov.uk) for an electronic copy of the Procurement Activity Pipeline