

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

27 SEPTEMBER 2012

REPORT OF THE OFFICER GROUP

COUNTY BOROUGH SUPPLIES

1. Purpose of Report

- 1.1 The development of the National Procurement Service (NPS) is likely to have a significant impact on the business opportunities for the Joint Supplies Service (JSS), with a likely overlapping of product areas.
- 1.2 The Joint Supplies Committee requested at the meeting 28th June 2012, that Officers provide an update regarding the status of the NPS, which is summarised within this report and detailed in Appendix 1

2. Connection to Corporate Plan / Other Corporate Priority.

- 2.1 The Joint Supplies Service provides a one stop purchasing and warehouse facility for each of the partnering Authorities, for common and repetitive spend commodities mainly associated with Schools and janitorial supplies/services.

3. Background

- 3.1 Members will recall the initiative to set up a National Procurement Service in Wales which will provide a central contracting facility for all product and service areas classified as common and repetitive spend across all public sector bodies in Wales.
- 3.2 A number of product and service areas were identified as falling within the remit of the NPS, some of which overlap with products currently supplied by the JSS. These include IT consumables, catering supplies, paper and general stationery, office furniture and equipment, uniforms/work wear/ protective and safety equipment, AV supplies and cleaning materials.
- 3.3. The anticipated commencement date for the unit to be operational is November 2013
- 3.4. This presents a significant potential long term threat to the JSS as once contracts are established, it is probable that they will be promoted extensively to schools and other Public Sector bodies and their use will be mandated by Welsh Government. This will undermine existing arrangements that are in place via the JSS

- 3.4 Conversely, it is possible that the NPS will set up a number of contracts which require a distribution facility. This may present a business opportunity for the JSS, if this is administered on a regional basis.

4 Current Situation

- 4.1 The Procurement Board has endorsed the recommendation that the NPS uses an independent central delivery model with its own governance structure responsible to the NPS Board. Each sector will have representation on the Board.
- 4.2 Expressions of interest to determine the host organisation will be invited to run co-terminously with the consultation process. This will run from September 2012 to December 2012.
- 4.3 The Board also supported some initial work being undertaken to support the preferred operating model and the achievement of quick wins.
- 4.4 The report notes that the Board asked Welsh Government Officials to consider giving financial support to pump prime the organisation in years 0 and 1, thereafter to be funded by contributions by each sector.
- 4.5 Officers recently attended a workshop where we were advised verbally that the recommended funding mechanism might change to three years initial funding by Welsh Government to establish the NPS, thereafter funding would be by retrospective product rebate.

5.0. Equalities Impact Assessment

- 5.1 An Equalities Impact Assessment is not required at this time.

6. Financial Implications

- 6.1 This report is for information and there are no associated financial implications.

7. Recommendation

- 7.1 The Committee is requested to note the contents of this progress report.

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Appendix 1 - Value Wales Communique

AMP Procurement Workstream

Communiqué

At the Procurement Board, on the 9 May 2012, the focus of the meeting was to discuss the recommendations of the Project Board in relation to the **National Procurement Service (NPS)** operating model:

- The Procurement Board endorsed the recommendation of the Project Board, in the development of a National Procurement Service (NPS), based on the agreed recommendation of a Central Delivery model. The delivery model is based on the premise that the NPS will have independence from the chosen host organisation's own operation as the Service will have its own discrete governance structure with appropriate representation from all sectors. The NPS will be responsible to an NPS Board and will operate as an independent entity governed through its own leadership and operational structure, with the host organisation providing the required facilities, employment and professional mentoring for the NPS.
- At Procurement Board there was full consensus that this option would best deliver the envisaged benefits and would be the option most likely to meet the PSLG ambition for greater benefits. It is expected that the NPS would be fully adopted by Local Authorities and the NHS with other sectors making maximum appropriate use of its services. The consensus of the Economic Impact assessment group was that while there are some risks in the collaborative procurement actions of the proposed NPS, these are outweighed by the opportunities both within and outside the scope of the NPS. Both risks and opportunities can be effectively managed if current SME friendly policies and Value Wales recommended best practice are applied.
- The Board also supported the recommendation that some initial work should be put in train to support the preferred operating model, facilitating the early delivery of the identified benefits and thereby strengthening the evidence. This work would improve timely implementation of the preferred model. It was agreed that the expression of interest process to determine the host organisation will run in parallel with the consultation process and will be outlined in the Business Case.
- The Board asked Welsh Government officials to consider if initial 'pump prime' funding for Years 0 and 1 might be available. The Board agreed that funding for the NPS when operational should be based on contributions via a set fee at a sector level (with individual sectors to agree how this is distributed) and asked that financial modelling options were presented in the Business Case. Project Lead (lead: catherine.weller@wales.gsi.gov.uk);
- The Board discussed xchangewales e-trading sign up, noting that a paper was to go to PSLG. The current status is that 11 Local authorities are live, 6 are underway either in initial discussions or in the process of developing the Business Case and 5 have decided not to proceed at this time.

Events: 14th June: Welsh Public Sector 'open for business' event aimed at both the public sector and businesses and show-casing good practice. This is now fully booked with a waiting list of 160. A further event will be held in North Wales in September.

Next meeting:

Items to be discussed at the Procurement Board on 3 July:

- xchangewales futures update (deferred from 9 May meeting);
- NPS Business Case approval;
- Update on review of John McClelland, CBE, 'Explore opportunities to further maximise the impact of public procurement policy in Wales'.

PSLG Update

The Public Service Leadership Group (PSLG) met on 17 May 2012. The PSLG was asked to endorse in principle the decision of the Procurement Board and, subject to this, communicate the support of the PSLG to the preferred delivery model to their regional and sectoral leadership networks and within their own organisations. The PSLG members were supportive of the proposed model, acknowledging that difficult decisions will need to be taken over the next few months. The Local Government Minister offered his full support to the proposals.

Actions for you:

Please share this Communiqué with your colleagues.

Every element of our work will benefit from your engagement and contribution and the solutions proposed will be that much better for it.

