Council for Economic Renewal

Public Procurement Progress Update

Introduction

1.   The Wales Procurement Policy Statement was published in December 2012, setting clear expectations as to how public bodies in Wales should conduct their procurement activities.

2.   The Welsh Government, the NHS sector and every council has confirmed their commitment to adopt the principles of the WPPS.

Impact of the Wales Procurement Policy Statement

3.   Focus has been concentrated on driving through adoption and monitoring the impact of the nine principles of the WPPS.

3.1   Procurement Fitness Checks

3.1.1   Procurement fitness checks provide an assessment of the current level of procurement maturity of each organisation; the extent to which Welsh procurement policy is being adopted; and outline a development plan to improve capability.

3.1.2   Every council has undertaken procurement fitness checks. Action plans have been agreed and Value Wales officials are supporting the sector to address these. Annex 1 summarises the recommended actions for the local government sector.

3.1.3   The NHS sector is currently undergoing its review and plans are being finalised to deliver fitness checks for the Higher and Further Education sectors.

3.2   Professional Procurement Capability

3.2.1   Strong capability is fundamental to effective management of procurement and skilled application of Welsh policy.

3.2.2   A new short course training contract was awarded last autumn and Welsh procurement policy will be embedded through this programme.

3.2.3   Twenty-eight procurement trainees have been delivered through the Home-Grown Talent project and the Welsh Government is supporting forty two procurement officers from across Wales to attain professional qualifications.

3.3   Economic, Social and Environmental Impact

3.3.1   Value for money is the optimum combination of whole-life-costs, covering efficiency savings; good quality outcomes; benefit to society and the economy; and minimising damage to the environment.

3.3.2   The Sustainability Risk Assessment (SRA) is applied to all Welsh Government and NHS contracts over £25,000 and is increasingly used across the local

government sector. The SRA helps ensure that procurement decisions take account of long-term impact on the combination of benefits.

3.4 Community Benefits

3.4.1 Delivery of Community Benefits is an integral consideration in procurement.

3.4.2 A measurement tool has been developed which quantifies the socio-economic benefits and training delivered to apprentices. The first twenty eight completed projects, worth £360m, show that 84% has been reinvested in Wales. £95.4m has gone directly on salaries to Welsh citizens and £216m with Wales-based businesses, 78% of which were Welsh SMEs. Some 517 disadvantaged people were helped into employment, receiving over 13,000 weeks of training.

3.5 Open, Accessible Competition

3.5.1 Approaches to procurement must afford smaller, local suppliers the opportunity of competing for public contracts.

3.5.2 The Welsh Government, NHS and local government sectors have committed to using the SQuID approach to supplier selection. This has lowered barriers and Welsh contractors now win 75% of all major construction awards through sell2wales, up from around 30% prior to the introduction of the SQuID.

3.5.3 The SQuID will be delivered as an on-line facility this year. Phase 1, the common set of questions is due for launch in May, with the repository for supplier responses due to be available in the autumn.

3.5.4 The number of advertisements for contract opportunities below the European thresholds on sell2wales continues to grow and now stands at 81% of all opportunities advertised. Visibility of these contracts is of paramount importance for smaller, local suppliers and third sector organisations.

3.6 Simplified Standard Processes

3.6.1 Procurement processes should be open and transparent and based on standard approaches that help minimise complexity, cost and timescales for suppliers.

3.6.2 Through integrating the SQuID with the eProcurement Service, suppliers have been able to store 144,000 pre-qualification questions for re-use.

3.6.3 The use of Project Bank Accounts has been introduced which will help ensure that suppliers involved in the supply chain receive due payment in good time.

3.7 Collaboration

3.7.1 In November 2013, the National Procurement Service (NPS) was created to bring together the procurement of common and repetitive spend across the Welsh public sector on a 'once for Wales' basis. All sectors: Welsh Government, Sponsored Bodies, Local Government, Health, Education and Emergency Services have declared their commitment to Welsh Public Procurement Policy by signing up to use NPS contracts and professional Procurement services.

3.7.2 NPS has a target to deliver up to £25m in savings once fully operational with current scope covering 6 'Super Categories' of common and repetitive spend.

- ICT & Telecoms
- Construction materials and Facilities Management
- People Services
- Fleet
- Professional Services
- Corporate Services and Utilities

3.7.3 NPS has embedded the principles of the Wales Procurement Policy Statement in all of its work. In parallel with the imperative to deliver savings for Wales, NPS will identify supply chain opportunities for Welsh businesses and focus on lowering barriers, particularly for smaller firms and third sector organisations, to compete for its contract opportunities.

3.7.4 In line with this objective, NPS has already gone to market with a procurement to award a framework for Resource Efficiency Services where the procurement process was structured to encourage small businesses to bid for provision of services that relate to their core specialism. The procurement was open, which reduced the barrier for many suppliers in this sector and encouraged high response rates from SMEs and micro businesses. In total 94 bids were received, 50% of which are from SME businesses based in Wales.

3.7.5 NPS will also give early notice to suppliers to ensure there is wide scale awareness of new opportunities. Where possible, Prior Information Notices (PINs) will be issued providing suppliers between 3 and 6 months advance notice of the commencement of procurements. Officials are also working closely with Business Wales to encourage and help Welsh businesses to tender for public sector opportunities by running supplier events and publicising the services Business Wales can offer.

3.7.6 In terms of wider Third Sector engagement, the NPS has worked closely with the Welsh Local Government Association and Wales Council for Voluntary Action.

3.7.7 An outcome of this engagement is the guidance and support provided by NPS on the acquisition of an e-learning portal which has helped Skills for Justice, a Third Sector organisation to become the contracting authority for the portal and subsequently will allow them to supply the service to all Local Authorities in Wales.

3.7.8 On 11 June, the Construction Materials and Facilities Management Quick Wins Category Programme will be launched which will target over £5million worth of savings directly back to the budgets of NPS member organisations, allowing these savings to be redirected into front line services for the citizens of Wales. This is one of a programme of activities that will be launched over the next few months.

3.7.9 Between November 2013 and February 2014, through the migration of existing contracts, the NPS has achieved £1,211,848 of savings.

3.8 Supplier Engagement and Innovation

3.8.1 Early dialogue with suppliers helps deliver innovative solutions to support public service delivery.

3.8.2 In conjunction with the Technology Strategy Board, the Home Grown Talent project has provided grant support of £100k to the Welsh NHS sector in order that they may engage with business to develop solutions that drive service improvement.

3.9 Measurement and Impact

3.9.1 Procurement performance should be monitored and examples of good practice shared.

3.9.2 The Procurement Board will use the outcomes of the Procurement Fitness Check programme to shape its action plan for driving forward improvements in procurement.

Ethical Procurement Policy

4. The Welsh public sector can use its collective muscle to drive responsible business behaviour.

5. Policy direction has been issued which enables public bodies to use procurement to help eliminate blacklisting. In addition, the use of Project Bank Accounts in construction has now been introduced which will protect the interests of vulnerable sub-contractors.

Governance

6. Following the recommendations of the John McClelland Review of procurement governance across Wales, an agreed governance structure is now in place.

7. A re-constituted Procurement Board has been established to oversee the procurement reform agenda in Wales.

8. The NPS is overseen by an Implementation Board, with representation from all sectors. An independent Chair has been appointed, Steven Morgan, currently Director of Defence Equipment & Support Commercial Operations at the MoD.

9. The NPS is accountable to the Board who are provided with progress reports and dashboards on key deliverables including savings delivered, levy generated and number of (PINS) issued.

10. A Delivery Group has been established that sits underneath the NPS Board, with representation by Senior Procurement leaders from across Wales. The group will ensure that the category strategies and savings plans developed by

the NPS are robust and deliverable. The group held its first meeting on 28 April and will meet on a monthly basis.

Conclusion

11.   There is evidence that good procurement is driving efficiencies and generating local benefits. This is underpinned by the current direction of Welsh procurement policy.

12.   Social partners have a key role in helping secure further benefit from the collective procurement expenditure of the public sector in Wales and it is important to maintain dialogue and to receive feedback in order to maintain this progress.

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