

WELSH PURCHASING CONSORTIUM MANAGEMENT BOARD

REPORT OF THE SECRETARY TO THE CONSORTIUM - POSITION STATEMENT AND OPTIONS

1 Introduction

1.1 Following discussions on the future of the WPC at the last meeting, the Board agreed the following recommendation :-

- *That a further Report be considered by the Board in February 2015 which will detail :-*
- *Current and potential local government specific collaborative procurement arrangements that will require management taking account of the detail on the NPS 5 Year Business Plan.*
- *The potential for a WLGA led " Welsh Local Government Procurement Group".*

1.2 The WPC Officers Group and the CMT have been working through the issues, challenges and options.

2 Current Situation

2.1 The CMT has created and distributed a document that lists those WPC Arrangements that are migrating to the NPS (highlighted Green) and those that are not (highlighted Red), and which will stay in local government. The latter have been grouped in relation to our Category Group Headings. The WPC Officers Group has reviewed and agreed this list.

2.2 The latest version of this document is enclosed as Appendix A.

2.3 The CMT has endeavoured to clarify some of the outstanding issues relating to transfer, however this is proving to be somewhat challenging. In order to assist the NPS in managing their pipeline we have asked what, if any, extension periods they would like us to put in place on a small number of our Arrangements. At the time of writing this has not been concluded.

2.4 The WPC Officers Group is aware that the NPS has confirmed that they do not envisage on boarding any more WPC Contracts and the NPS expectation is that the WPC/Lead Authorities will "manage out" these Contracts. A positive and pragmatic approach might be to ensure that all individual contract related information and documentation (Tender documentation, core lists, evaluation models, supplier details, spend, variations, MI etc) is compiled and presented to the NPS at an agreed

time well in advance of the termination date which will assist them in getting successor arrangements in place. The CMT could undertake a lead role in this.

3 Discussion points – post March 2016

3.1 In terms of non transferring WPC Arrangements the CMT has also shown these in the form of a Bar Chart which details maximum termination dates over the next 3 years (Appendix B).

3.2 Given that the current WPC model terminates on 31st March 2016 the Officers Group is considering as to what happens after this date in terms of the ongoing management of these Arrangements.

3.3 In addition to the above the WPC Officers Group is considering the potential for collaborative procurement in local government post March 2016 in accordance with the recommendation from the Board.

3.4 The WPC Officers Group considers that the following appear to be the potential options available (it is accepted that this is not an exhaustive list) :-

- Continue collaborative contracting on a Lead Authority (reciprocal arrangement) basis. This could be on an all Wales, WPC area, regional or sub regional basis).
- Use existing National Arrangements to satisfy requirements wherever possible ie NPS, CCS, YPO, ESPO etc
- Individual Authorities to undertake a “Lead “role in managing collaborative arrangements on a levy basis (similar to the NPS).
- Do nothing.

3.5 At their meeting held on 27th February, 2015 the WLGA Council considered a Report entitled “ *Impact of the National Procurement Service on the Welsh Purchasing Consortium*”(Appendix C). The Council proposed to liaise with authorities and interested stakeholders on the future role and requirements for collaborative procurement and facilitate the development of options on a way forward to be presented in a future paper. The Council noted the contents of the Report.

3.6 Representatives from the WLGA did subsequently hold an informal exploratory meeting with a small number local government Heads of Procurement (Andrew Maisey, Steve Robinson, Vince Hanly and Paul Ashley Jones) on 3rd March, regarding the potential for a WLGA led Welsh Local Government Procurement Group and the WPC Officers Group was updated at their last meeting.

3.7 The WLGA will shortly hold a national Local Government Procurement Network Event where the future role and requirements for collaborative procurement and options will be fully considered.

4. CMT Working Arrangements to 31st March 2016

4.1 In light of the above and reduced workload, the Officers' Group have agreed working arrangements to ensure that the CMT are fully utilised until 31st March 2016.

4.2 Suggested Recommendations:

Note and Endorse:

- (1) The Migration Plans for existing WPC Contracts.
- (2) The Strategy for maintaining existing contracts.
- (3) The forthcoming WLGA Event considering options on the future of local government collaborative procurement.
- (4) The action of the Officers' Group to ensure that the CMT are fully utilised.

Paul Lucas

Secretary to the Welsh Purchasing Consortium

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WPC Frameworks Transferring (Green) / Not Transferring (Red) to NPS - Appendix A

Contracts Agreed by NPS Position at 25 Feb 15								
Amended 20.03.2015								
Contract Title	Contract End Date	Extension End Date	New WPC contract Start	New WPC contract End	Annual Spend data reported by Suppliers 2013/14 (£m)	Estimated Annual Spend recorded on Alito (£m)	Proposed NPS Go Live Date	Notes
Category - BMESH								
General Building Products *	Mar-14	Mar-15	Extension of terms 31.03.2015		0.5	2.5	09.02.15	Transfer Completed
Misc Building Products *	Aug-14	Aug-15	Extended to 31.08.2015		2.1	1.0	09.02.15	Transfer Completed
Timber sheet Materials and Doors *	Nov-13	Nov-14	Extended to 30.11.2015		1.6	2.1	09.02.15	Subsumed within NPS Framework on expiry.
Plumbing and Rainwater Goods *	Oct-14	Nov-14	Extension to 31.10.2015(WPC)		0.6	1.3	28.09.15	Subsumed within NPS Framework on expiry.
Tools and Equipment	Apr-15	Apr-16			0.7	0.2	Post March 2016	On Boarded by NPS
Supply of Waste Disposal Sacks	Mar-15	Mar-16	Extended to		0.9	2.5	28.03.16	Extended to 31-03-2016 (WPC)
Provision of Highways Lighting Products	Jan-15	Jan-17			-	2.5	Post March 2016	Lead authority in process of extending current arrangement for 12 months
Grounds Maintenance Equipment Spares	Dec-14	No	Jan-15	Dec 2017 +1	1.6	1.8	18.04.16	Framework in place until Dec. 17. Included in proposed NPS FM Framework.
Meter Operating Services	Mar-15	Mar-16			-	0.5	Mar-16	Transferring with Energy
Rock Salt	May-15	No			5.0	5.0	18.05.15	Transfer Completed
Category - Construction								
Mechanical Works Servicing & Cyclical Maintenance	Mar-16	no			20	1.0	07.12.15	Included in proposed NPS FM Framework.
Category - CN & PS								
Library A/V Products (Music CD's, DVD's etc.)	Oct-15	Oct-17			0.1	0.3		Awaiting Confirmed date to Transfer and extension requirements from NPS
Supply and Servicing of Library Books	Mar-16	Mar-17			3.5	2.8		LA undertaken mini comp from ESPO framework to appoint WPC supplier.
Classified Advertising Direct to Press	Aug-15	Aug-16			1.5	2.4		Sent on boarding info to NPS Sept. 14, awaiting response
Occupational Health	May-15	May-16	Transferred to NPS		0.15	0.25	30.03.15	On Boarding Completed.
Managed Services for Agency workers	Jan-15	no	Transferred to NPS		27.1	20.0	06.04.15	Transfer Completed.
Office Furniture	Jun-13	May-15	Extension of terms to 30.06.2015		1.2	0.1	18.05.15	Transfer Completed.
Protective Clothing and PPE	Jul-15	Jul-16			1.3	0.6	24.08.15	On Boarded by NPS
SWW Legal Services	Jun-14	NA	Transferred to NPS		-	-	04.05.15	NPS Go live May 2015
Banking Services Lot 1	May-13		Extended to 09.05.2015		-	1.8	02.11.15	NPS Go Live Nov 2015
Banking Merchant Card Services Lot 2	Jun-13		WPC Arrangement not replaced. To be included in NPS		-	0.8		Included in above

WPC Frameworks Transferring (Green) / Not Transferring (Red) to NPS - Appendix A

Cash Collection	Aug-14	Sep-15	Extended to 11.09.2015	0.2	15	03.08.15	
Design, Supply & Installation of Library Furniture including 12 month extension.	Mar-14	Mar-15	Extended to 31.03.2015	-	0.5	01.06.2015	Included in NPS Furniture arrangement.
Supply Servicing and Maintenance of Fire Equipment	Sep-15	Sep-17	Transferred to NPS	-	0.2	07.12.15	On Boading Completed
Category - Fleet							
Spot Hire of Cars and LCV's (up to 3.5 tonnes)	May-14	Mar-17	Transferred to NPS	-	2.5	06.04.15	Transfer Completed
Tyres Tubes etc			Transferred to NPS	-	2.0	03.08.15	Transfer Completed
Supply of fuel Oils	Apr-13	Mar-15	Transferred to NPS	18.0	33.0	06.04.15	Transfer Completed
Leased Cars	Apr-13	Mar-15	Extension of Terms 31.03.2015	-	1.5	21.09.15	Awaiting NPS Framework.
Spot Hire of Specialist Vehicles	Apr-15	Apr-17		-	5.5	06.04.15	WPC Arrangement to be extended.
Category - Food							
Water coolers	Mar-16	Mar-17		0.2	0.2	28.09.15	Awaiting clarification of NPS Pipeline.
Provison of Catering Disposables	Aug-15	Aug-16		0.2	0.5		Awaiting revised proposal from NPS
Supply, Installation, removal and Disposal of heavy Canteen Equipmnet	Feb-15	Feb-17	Extended to 14-02-2016.	0.3	0.9	Post March 2016	Awaiting clarification of NPS Pipeline.
Supply & Distribution of Bread Loaves, Rolls, Cakes & Associated Products	Jun-15	Jun-16		0.4	0.6	28.09.15	Awaiting clarification of NPS Pipeline.
Fresh Prepared & Unprepared Fruit, Veg & Salad	Mar-16	Feb-17		1.2	2.0	21.12.15	Awaiting clarification of NPS Pipeline.
Groceries Provisions & Frozen Foods	Apr-15	Apr-16		11.0	15.0	20.07.15	Awaiting clarification of NPS Pipeline.
Supply of Fresh, Frozen and Cooked Meats	Nov-16	Nov-17		1.0	1.9	16.11.15	Awaiting clarification of NPS Pipeline.
Supply of Soft Drinks, Crisps, Snacks & Confectionary	Mar-15	Mar-16		2.1	3.0	28.09.15	Awaiting clarification of NPS Pipeline.
Fresh Pasteurised Milk	Mar-14	Mar-15	Extension of terms until	1.7	2.6	04.01.16	Awaiting clarification of NPS Pipeline.
Alcoholic Beverages	Jun-14	Jun-15	Extended to 30.06.2015	0.2	1.0	No	Awaiting decision from NPS. WPC to agree 12 month Extension of Terms
Frozen Plated Meals	Aug-14	Aug-15	Extended to 31.08.2015	0.5	0.4		Awaiting decision from NPS. WPC to agree 12 month Extension of Terms
Vending Machines and Stock	Apr-16	Apr-17		0.4	0.2		Awaiting revised proposal from NPS
Prepared Sandwiches & Sandwich Fillings	Jan-15	Jan-16	Extended to 31-01-2016	0.4	0.6		Awaiting revised proposal from NPS
Category - Energy							
Gas and Electricity	Oct-14	Mar-17		71.2	-	Post March 2016	Responsibility to transfer Autumn 2015.
Wood Pellets	Aug-13	Aug-15		-	0.2		Transferring with Energy. NPS to renew.
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WPC Frameworks Transferring (Green) / Not Transferring (Red) to NPS - Appendix A

Contracts to remain with WPC								
Contract Title	Contract End Date	Extension End Date	New WPC contract Start	New WPC contract End	Annual Spend data reported by Suppliers 2013/14 (£m)	Estimated Annual Spend recorded on Alito (£m)	On NPS Business Pipeline Y/N (Date)	Notes
Category - BMESH								
Glass Polycarbonate & Double Glazed Units	Mar-15	Mar-17	24 months Extension available		-	0.5	No	Pembroke to Extend to 31-03-2017.
Highways Maintenance & Traffic Management Products	Jan-15	Jan-17	Extended for 6 months to 31-07-2015		1.4	5.0	No	New WPC Framework to commence 01-07-2015.
Asphalt Macadam & Drystone Aggregates, Sand and RM Concrete	Jun-14	Oct-14	New arrangement to be developed by Blaenau Gwent CBC scheduled to commence on 1st July 2015		2.3	4.3	No	To Remain with LA's
Readymix Concrete	Jun-14	Oct-14			0.5	0.5	No	To Remain with LA's.
Textile Collection Services	Apr-16	No	Extended to 30.04.2016		n/a	n/a	No	Remains with LA's.
Summer Bedding Plants	Mar-16	Mar-17					No	To Remain with LA's.
Category - Construction								
Electrical Works Servicing & Cyclical Maintenance	Mar-15	NA	Apr-15	31/03/2017 (2 + 2)	0.4	0.8	Not until 2017	RCT Tendered. NPS will subsume into their FM portfolio going forward.
Asbestos	Aug-14	Dec-14	Extension of terms 31.12.2014		4.0	6.0	No	New contract to commence 1st May 2015.
Re-locatable & Modular Accommodation	Sep-15	Aug-16			0.21	1.8	No	Remains with LA's.
Category - CN &PS								
Educational Aids	Aug-14	Mar-15	Extension of terms to 31.07.2015		3.0	1.5	No	To Remain with LA's.
Supply & Maintenance of Mobile Catering Furniture	Mar-15	NA	Extended to 31.06.2015. New arrangement to be developed by Pembrokeshire		-	0.2	No	To Remain with LA's.
Public Analyst Services	Dec-14	Dec-16			-	0.2	No	To Remain with LA's.
Category - Fleet								
Category - Social Care								
Looked After Children	Apr-15	Apr-16	Extended to 30.04.2016		-	40	No	To Remain with LA's.

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Category Group	Lead Authority	Annual Spend data reported by Suppliers 2013/14 (£m)	Estimated Annual Spend recorded on Alito (£m)	2014												2015													
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
BM, ES & H	Pembrokeshire	0	0.5	Glass Polycarbonate & Double Glazed Units												24 Mon													
BM, ES & H	Merthyr Tydfil	1.4	5.0	Highways Maintenance & Traffic Management Products												6 Month Extension Taken													
BM, ES & H	Blaenau Gwent	2.8	4.8													Asphalt Macadam													
BM, ES & H	Torfaen	n/a	n/a	Textile Collection Services																									
BM, ES & H	VoG	0.1	0.3	Summer Bedding Plants & Horticultural Supplies																									
Construction	Swansea	4.0	6.0	Asbestos												Terms Extended						Provision of Asbestos Surveying / Inspection T							
Construction	RCT	0.4	0.8	Electrical Works Servicing & Cyclical Maintenance																									
Construction	Cerdigion	0.2	1.8	Re-locatable & Modular Accommodation												Potential Ext													
CN & PS	NPT	3.0	1.5	Educational Aids												Terms Extended													
CN & PS	Pembroke	0	0.2	Supply & Maintenance of Mobile Catering Furniture												Terms Extended													
CN & PS	Pembroke	0	0.2	Public Analyst Services												12 Month Extension taken													
Social Care	RCT	0	40	Looked After Children												12 Month Extension taken													
Total Spend		11.91	61.1																										

Key	
	Existing Arrangement
	New Arrangement
	Optional Extension Period
	Extension of Terms

2016												2017												2018											
Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
with Extension taken																																			
Highways Maintenance & Traffic Management Products												Potential Extension Period																							
Dry Stone Aggregates & Ready Mix Concrete - New Arrangement												Potential Extension Period																							
Potential Extension Period																																			
Testing / Analytical Services and Licensed Removal - New Arrangement												Potential Extension Period																							
Cyclical Electrical Maintenance - New Arrangement																																			
Extension Period																																			
Education and Curriculum Aids - New Arrangement												Potential Extension Period																							

IMPACT OF THE NATIONAL PROCUREMENT SERVICE (NPS) ON THE WELSH PURCHASING CONSORTIUM (WPC)

Purpose

- 1 This paper provides members with an update on Local Government Procurement matters around the implementation of the NPS.

Background

- 2 Members will be aware that the NPS 'went live' in November 2013, and that all 22 local authorities in Wales agreed to join in principle with a number of conditions and caveats provided in response to the invitation. Once fully operational in the 2016/17 financial year the NPS expects to save approximately £25 million a year through challenging and influencing what we buy and through buying it better. This will be the first year that the NPS is self-funding for a full 12 month period.

- 3 The Business Case for the creation of the NPS, which was based on a public sector procurement expenditure profile of £4.3bn per annum of which £1.8bn is classed as common & repetitive (41%), outlined a range of target savings as follows:

2013/14 - £0 Year 0

2014/15 - £4.245m Year 1

2015/16 - £18.887m Year 2

2016/17 - £24.644m Year 3 (First year of self-funding through levy generation)

- 4 The most recent expenditure analysis utilising 2012/13 data shows a £5.5bn public sector procurement expenditure profile of which £2.2bn is classed as common & repetitive (40%).
- 5 There is an increase in scope for what is considered 'common and repetitive' coming under the influence of the NPS, from the original McClelland report value of £0.9bn (20%), up to the current £2.2bn and suggests that the benefits of the "Do it Once for Wales" principle signed up to by all 22 local authorities, might be more far reaching than originally envisaged.

Cessation of the Activity of the WPC

- 6 The Welsh Purchasing Consortium has been in existence since 1974. It was revised in 2008 changing its constitution, opening up its membership and adjusting its operational approach. It currently represents 19 Local Authorities, with six associate members from other parts of the public sector in Wales (see Appendix A).
- 7 The implementation of the NPS has consequences for the work programme of the WPC. The NPS will subsume the majority of current WPC arrangements, having a hugely significant effect on the WPC portfolio and operating model.

- 8 The WPC have therefore undertaken a strategic review including consideration of their organisational model and potential forward work programme. As a result, the WPC Management Board has resolved (24 September 2014):
- i. that funding for the current WPC model be terminated at 31st March 2016;
 - ii. that the full member subscriptions for the year 2015-16 be paid for out of the WPC Reserve; and
 - iii. that a further Report be considered by the Board in February 2015 which will detail specific collaborative procurement arrangements and the potential for a WLGA led "Welsh Local Government Procurement Group"

Implications

- 9 Post March 2016, the WPC will cease to operate and there will be no equivalent, representative conduit for its current membership of 19 LA's and six associates, or collaborative mechanism in place to deal with the remaining 60% of Local government procurement expenditure.
- 10 Transitional arrangements up to March 2016 will inevitably involve a 'winding down' of operations and activity of all of the WPC members and the Central Management Team (CMT), with its associated reduction in proactive participation with the WPC as an organisation.
- 11 There will be a resultant efficiency saving to authorities post March 2015, on their contributions to the WPC.
- 12 There will be direct resource, and staffing implications to the WPC's CMT and a potential resultant knock on within authorities (particularly lead authorities on existing arrangements).

The Way Forward

- 13 The WLGA proposes to liaise with authorities and interested stakeholders on the future role and requirements for collaborative procurement and facilitate the development of options on a way forward to be presented in a future paper.

Recommendations

- 14 That Members note the contents of this report.

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Appendix A

Welsh Purchasing Consortium [WPC] – Members

The Welsh Purchasing Consortium has been in existence since 1974 and was reformed following Local Government Reorganisation in 1996.

In 2008 WPC membership increased to include the sixteen Unitary Authorities in South, Mid and West Wales and from January 2014 the Consortium also includes the three Unitary Authorities in North East Wales.

- [Blaenau Gwent County Borough Council](#)
- [Bridgend County Borough Council](#)
- [Caerphilly County Borough Council](#)
- [City and County of Cardiff](#)
- [Carmarthenshire County Council](#)
- [Ceredigion County Council](#)
- [Denbighshire County Council](#)
- [Flintshire County Council](#)
- [Merthyr Tydfil County Borough Council](#)
- [Monmouthshire County Council](#)
- [Neath Port Talbot County Borough Council](#)
- [City and County of Newport](#)
- [Pembrokeshire County Council](#)
- [Powys County Council](#)
- [Rhondda Cynon Taff County Borough Council](#)
- [City and County of Swansea](#)
- [Torfaen County Borough Council](#)
- [Vale of Glamorgan County Borough Council](#)
- [Wrexham County Borough Council](#)

The WPC has introduced an “Associate” membership scheme which enables other public sector organisations to take advantage of the buying power of the WPC. These partner organisations (named below) contribute positively to the innovative work of the Consortium through the Category Group structure which ensures their requirements are met.

- Mid & West Wales Fire and Rescue Service
- South Wales Fire & Rescue Service
- National Library of Wales, Aberystwyth
- Grŵp Gwalia Cyf
- Valleys to Coast Housing
- Welsh Probation Service
- The WPC has been successful in delivering a range of benefits to its members. This includes delivering competitive procurement arrangements which have produced efficiencies and significant savings, to the sharing of best practice and the development and adoption of a suite of standard procurement documentation.

For further information regarding the structure and operation of the Consortium please refer to their website at:

<http://www.welshpurchasingconsortium.co.uk/EN/home.aspx>

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