



The Future Shape of Procurement in Wales: The Review

The Review of Value Wales and the National Procurement Service

In July 2018, a workshop was held among Heads of Procurement in Local Government to provide the senior Local Government officers perspective on:

- a) The VW/NPS review process
- b) The content of the review so far
- c) Needs and demands from the perspective of Local Authorities, considering:
 - i. What needs to be the same?
 - ii. What needs to be different?

a) The VW/NPS Review Process

The workshop was concurrent with Welsh Governments Gateway Review of the review process. It was explained to the group that this Gateway process is reserved for large and important projects; reflective of the importance being placed upon the review by Welsh Government.

Verbal summaries of progress with the Gateway Review were made and recent work with the review group discussed.

In summary, there were significant concerns among Heads of Procurement that despite, or because of, the scale and complexity of the process being undertaken; that their voices were not being heard. The earlier good communication with the review had not been maintained. There was concern that the timescales were insufficient for the size of the task.

b) The content of the review so far

The omission of e-procurement from the review was an ongoing mystery. The financial implications for local authorities were significant and it was considered that any modern collaborative procurement initiative would need to have a significant electronic aspect. This highlighted the other major implication around e-procurement; which was the potential loss of cohesion and common working practices.

There was also a concern that despite assurances to the contrary, that the review was being influenced by the minority. The consultation process was considered a self-centred exercise which was not considerate of Local Authorities resources.

There were concerns that the review was unable to escape the pressures to assure the established roles for Welsh Government officials. The reticence of the review to discuss resourcing was considered frustrating; given the general shortage of procurement staff and the need to collaborate to ensure all resources were deployed effectively.

In summary, it was expected that the review would be stopped.

c) Needs and Demands from the perspective of Local Authorities

Officers discussed the need for regional support. Linked current structural provision to the future needs of Welsh economic regions. Discussed issues with integration. A preference emerged for retaining and acquiring resource within Local Government and then coordinating it. The principle was that Local Government needed to take back control of procurement and regional procurement in particular.

It was recognised that resourcing will need to be funded through activity. The potential means to do this were considered; in recognition that whatever means were employed would likely result in Local Authorities paying somehow. It was concluded that we need to be very clear about how we want this to be.

The group referred to the National/Local/Regional triangle in the National Procurement Service Future Service Model. Delegates to the Welsh Government Review Group have previously asked officials to redraw this to better reflect volumes; but that has not yet been done. There was general concern that comments and updates are not being reflected in the papers. This led to the assertion that the balance of control needs to be within Local Government; so that this becomes about

managing resources among Local Authorities. This was also said at the Welsh Government stakeholder group.

Two needs were identified:

1. A definition of Regional Procurement to suit LG's needs
2. A coherent Local Government view on the future landscape for procurement

“I'd rather pay someone in another council to work with me and develop the collective knowledge, than pay someone in an outside organisation to develop theirs.”

Role of Elected Members

Group discussed the matter of Member support. Officers and Elected Members are collectively missing the democratic aspect of the former Welsh Purchasing Consortium, which gave Councillors a voice and influence in things which are important to them. The group recognised the role of Councillors as change agents within Authorities and for ensuring that arrangements weren't implemented unless they were fit for purpose and supportive of the strategic direction of the Council.

Some hard truths were brought home about where we are with the review and with the state of procurement in Wales:

“There is no vision for the review. We were better off ten years ago.”

Group discussed the Welsh Government approach to this and earlier initiatives.

“Whatever we say or take back, the outcome will be whatever Welsh Government thinks the solution should be.”

At this point the group revisited e-business.

“I'd rather gave an e-business solution than procurement frameworks.”

This highlighted the missing democratic link; which was not just about linking through Leaders but with Cabinet Members having responsibility for procurement.

WLGA offered to convene meetings with Cabinet Members. WLGA does this for other areas of practice and it could be done for procurement. Suggestion was to bring Members to WLGA twice a year. Group resolved to get an update paper to the next WLGA Executive, for Cabinet Members, S151 officers and other high-level contacts in Local Government. The suggestion was that this needs to be bold; to support regional resourcing; to put together what matters and say what's going to help.

It was suggested that the Local Authority network needs to control as much regionally as it can. Officers must also take their own advice and not be too prescriptive. That this is an opportunity, which deserves work on the benefits and not just the costs and cuts.

There is a concern that the papers we have from the Welsh Government Review are all about bringing regional to Welsh Government. There was an action for a re-draft but this has not been forthcoming. **Resolved** that the review is flawed and NPS has not delivered. We need a plan of our own for regional procurement using a clear definition. This will be our own version of resourcing. We need to say clearly that we want control and resourcing delivered from within Local Government.

ACTION: Write to Welsh Government Review Board and inform them of this. With a paper to our Members and a similar paper for the Cabinet Secretary.

In Summary

- 1.** There is little confidence in the Welsh Government review process. It is widely expected that the Gateway Review will call a halt to the review
- 2.** There is a strong preference for retaining and acquiring resource within Local Government and then coordinating it
- 3.** Resourcing needs need to be funded through activity. We need to be very clear about how this is to work
- 4.** We need to regain our democratic voice and re-enable the influence of elected members
- 5.** Local Government needs its own high-level benefits driven strategy for procurement
- 6.** The Welsh Government Review is flawed and the NPS has not delivered. It is our duty to make this clear

Appendix 1

Report from Local Government Heads of Procurement on the Value Wales Service Delivery Models

Procedure

This report was initially given by the 6 North Wales Councils in respect to the Value Wales Service Delivery Models; in response to a survey circulated by Welsh Government.

Additional commentary was also provided for an accompanying baseline report which identified issues and lessons to be learnt for both Value Wales and the National Procurement Service.

A group representing 11 Councils across Wales reviewed the North Wales report and unanimously agreed with its content. The experience had been the same for all Local Authorities. References specific to North Wales also could be applied equally to other regions. Additional comments to the baseline feedback were given and these are also listed below.

It was explained that the scores below are marked low since the group felt that the strategic criteria fit did not include sufficient detail, without knowing further the level of detail the service delivery model would undertake and what is affordable going forward. It was agreed that Option 7 was the preferred option, although more detail regarding the actual service delivery needed to be seen before the group was prepared to sign off the recommendation.

Option Scores for a future Value Wales

Option	Overall Score <i>(Out of possible maximum of 54)</i>
Option 1: Status quo	10
Option 2: Inward facing Policy development and provision of Ministerial advice	8
Option 3: Collaborative Policy development and provision of Ministerial advice	12
Option 4: Collaborative Policy development, delivery of practical support and provision of Ministerial advice	16
Option 5: Collaborative Policy development, delivery of practical support, growing individual procurement capability and provision of Ministerial advice	16
Option 6: Collaborative Policy development, delivery of practical support, growing individual and organisational procurement capability (including a pipeline of future talent) and provision of Ministerial advice	16
Option 7: Collaborative Policy development, delivery of practical support (including focus on key categories), growing individual and organisational procurement capability (including a pipeline of future talent), delivery of innovative projects and provision of Ministerial advice	20
Option 8: Close down Value Wales service	6

Value Wales Feedback

- Procurement Policy was developed without due consideration to prior consultation with Procurement Professionals and Value Wales do not always understand the practical implications of implementing the policy
- There needs to be more support to implement policy which includes more legal advice with standard terms and conditions and sample tender evaluation questions
- There needs to be less focus on telling us what we need to do i.e. Health Checks but more support in implementing procurement improvements

- Currently the resource levels within Value Wales is not adequate, resulting in an unacceptable service delivery level when promoting recent new policies such as ESPD, which has been several months late in being launched
- There has been a clear lack of strategic vision regarding taking forward e-procurement. The EPS programme was too much focused on e-trading marketplace delivery to the detriment of e-sourcing activities. There has also been too much emphasis put on using Crown Commercial Service Framework solutions, rather than testing the solutions market with what was deemed appropriate for Wales
- There needs to be greater recognition that some Organisations are using alternative e-procurement solutions and that organisations using the alternative solutions are supported in an equal manner
- There needs to be greater access to WG Procurement Legal Advice on policy and case law matters, with potentially the option for public sector organisations to be able to contact to discuss legal implications when new policy that is launched. This would negate the need for 22 Councils to seek their own legal opinion
- There is a need for the re-launch of a centrally funded Procurement training programme, which is available for Council officers to engage. The training requirements needs to be more than the Home-Grown Talent Programme
- There is a need more hands on practical implementation support when launching new policies. Due to a reduction in Council resources we no longer have capacity to implement new policies and initiatives
- There needs to be a joined-up approach across National, Regional and Local procurement organisations. There should be a "golden thread" which ensures that there is standardised and consistent approach in delivering procurement and this should ensure that £6billion of procurement spend in "Wales PLC" is managed and procured in a co-ordinated manner, but recognising that local / regional service delivery is a better service delivery than a national approach
- We have lost the regional/sectoral partnership. This needs to be re-established.
- Business Wales needs to be integrated into this too. The direction of procurement is towards closer supply chain relationships. Services which support business need to work closely with those which support procurements. Each should be complementary to the other
- The nature and level of Ministerial work at VW is important. How much is done? Who pays for it and are we getting Value for Money? There is a concern that Local Authorities are being asked to pay for this; perhaps not directly; but at a cost to them nevertheless

- Option 7 has been selected as a good catch-all; but it is not without caveats and concerns. These need to be articulated and duly admitted to the review
- NPS isn't in here. This is concerning because what happens in one place affects what needs to happen in the other. It's an integrated system, which includes Local Governments own resource
- Opt in or opt out is a business choice and should be entirely voluntary.
- Needs a flexible approach to business needs
- Category Management should be to meet the business needs of Local Government
- Buying Once for Wales has proved too simplistic. It's not just about aggregation of spend
- Postcode of invoice is not the way to identify locality in spend analysis. The whole premise is wrong
- There is a massive volume of paper and discussion surrounding this review. We need short, meaningful summaries which can be used to feed back to Ministers and the Public Accounts Committee. For example:
- A policy and resource supportive central team supported by a considerably smaller contracting arm. Centrally funded, not by rebate, because rebate drive the wrong business model
- A service which can quickly provide supplier intelligence. (The Artemis model does not do this)
- A Market Risk intelligence service – to avoid a Carillion type incident occurring here
- Coordination and common practice on ESPD
- A level of support and coordination which allows good suppliers to bid for good business and which is sustainable
- What VW needs is good products and the right communications. Have these and engagement is a given

NPS Feedback

- There has been limited technical input and/or lack of engagement from Welsh public sector organisations with regard to various Category Forum Groups that are arranged by the NPS. As a result, there is a high risk that the Frameworks being put in place are not directly in line with end user requirements. The main reason behind the lack of engagement is the resource drain on Council Officers in attending the various category forums and it has become impractical and no longer feasible to provide input into all the groups

- The framework agreements delivered do not on the whole provide improved savings via a direct award process and a hence a mini competition process is required to try and improve pricing, which results in the Council having to do their own competitive tender process after all
- The NPS is not proving price competitive. For example, an external hard drive was priced by an end user at £87 NPS, £63 Amazon, £68 Currys. We might also consider that the retail prices included 20% VAT
- Meet the buyer events could be advertised more widely to encourage better engagement with local suppliers
- NPS category officers have made little attempt to come out and visit the individual Councils to ensure what they are delivering satisfies needs and to support benchmarking and promotion of the frameworks
- Questions still remain on the VFM savings and whether the calculation is flawed, this view predominantly being formed since calculations are reliant upon supplier management information and the savings claimed is not in any way verified by individual Councils
- Views have been stated that there needs to be a flexible Opt-out option available once the results of the framework agreement are known
- The voice of North Wales client organisations are not always considered when the NPS is putting together the options appraisal strategy on how to procure individual projects. This was highlighted in the recent options paper for the Supply and Distribution of Groceries, Provisions and Frozen Foods, which didn't recognise at all that 4 out of the 6 Councils in North Wales are already members of a HE & FE Catering consortium (TUCO)
- There is still the ongoing issue of the NPS not delivering frameworks to time against their project timescales
- Having to undertake further mini competitions has resulted in the need to contract manage and implement new arrangements which has been resource intensive in some of the NPS frameworks we have used. We also feel that we have been able to generate better community benefit outcomes locally through our own procurements or when we have under taken mini competitions via the NPS frameworks rather than directly calling off the framework
- There are examples whereby tenders processes have had to be aborted and re-procurement commenced, due to the inability on the NPS to manage the procurement process
- There needs to clear evidence of benchmarking tender evaluation pricing against existing contracts or frameworks in order to determine if the NPS frameworks deliver value for money BEFORE Tender Award. The outcome of the

benchmarking evaluation then needs to be communicated in the User Guides. If the benchmarking does not demonstrate value for money then a decision must be made not to award and re-procure

- The NPS sourcing strategy for individual tenders is not deemed bespoke, since it is a “cut and paste” from other sourcing strategy. Hence there seems a lot of duplication and not innovative thinking
- There are issues with the NPS lacking awareness of North Wales supplier markets, therefore not enough is being done to ensure current suppliers to North Wales public sector organisations are made aware of the tendering opportunity. Hence we find current suppliers have not bid for NPS frameworks
- There seems to be lack of communication and engagement between NPS, Business Wales and individual public-sector organisations (procurement unit and service areas) to plan and communicate regional supplier events for NPS framework agreements
- More NPS Frameworks blend themselves to regional and sub-regional solutions rather than national
- The offer to undertake collaborative mini competitions need to be realistic based on resource capacity available. This offer although has been in place for about 2 years the reality is that not all NPS Category Managers are aware of the service being offered and have no resource capacity to undertake the work, since they are delivering against the Agreed Programme pipeline
- In the past, there was a perception of a lack of NPS engagement with North Wales public sector organisations hence a North Wales NPS Relationship Manager post was created. Although the principle of having the post was sound, in reality the new post didn’t bring any improvements or benefits since the Relationship Manager was a just “a go between / messenger” between e.g. the Council and Individual NPS Category Managers
- Majority of NPS Frameworks put in place did not deliver value for money, since we would end up paying more than current contracts. Also some of the NPS frameworks would be detrimental to our local supplier market, since local suppliers either didn’t relate to the importance of tendering to retain existing business or didn’t know about the tender opportunity (see above note about lack of communication)
- There is a perception that some staff in the NPS are not solely focussed on NPS, since they have other procurement responsibilities. This in turn has resulted in not enough attention being given to ensure the NPS is delivering for the customers

- The governance arrangements in general relating to various Procurement Boards need to have better representation. North Wales representation is generally under represented. The Procurement Board representation needs to include more procurement professionals

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