

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **EXECUTIVE**

DATE: **TUESDAY, 20 NOVEMBER 2012**

REPORT BY: **HEAD OF ICT AND CUSTOMER SERVICES**

SUBJECT: **NATIONAL PROCUREMENT SERVICE**

1.00 PURPOSE OF REPORT

To seek cabinet approval to join the proposed Welsh Public Sector National Procurement Service, with an initial 5 year commitment.

2.00 BACKGROUND

2.01 The 2010 review of procurement in the Welsh Public Sector “Buying Smarter in Tougher Times” recommended that for common repetitive spend, contracts should be established on a “Once for Wales” basis.

2.02 The Compact emphasised this commitment by confirming the development of a business case to establish a National Procurement Service (NPS).

2.03 The business case is now complete and all public sector organisations in Wales have been invited to provide formal commitment to join the service. The deadline for indicating our commitment is 14th December, 2012. (A copy of the letter and pro forma for completion is attached at Appendix 1).

3.00 CONSIDERATIONS

3.01 The proposed NPS will undertake procurement for between 20 and 30% of the total spend across the public sector in Wales. The categories of spend included are set out on Page 4 of the invitation letter at Appendix 1.

3.02 The level of spend covered by the NPS is estimated at £967 million, savings are estimated at £75 million over a 5 year period, with minimum savings for Local Government of £6 million per annum. A copy of the Business Case Executive Summary is attached at Appendix 2 of the report.

3.03 The establishment of the service will require an investment of £2.4 million per annum to establish and resource the hosting organisations. Expressions of interest are currently being sought from across the public sector to host the new service.

- 3.04 Commitment to the service will be on the basis that the service will be centrally funded by the Welsh Government until 2016/17 after which it is proposed that the funding of the service will switch to a self funding rebate model.
- 3.05 The NPS is intended to complement our local procurement capacity and allow that capacity to concentrate on non-standard spend and “Flintshire” specific contracts.
- 3.06 The North Wales Procurement Partnership which currently manages a range of regional procurement projects and contracts is currently being reviewed alongside a business case for an enhanced regional service. In undertaking this review we need to ensure that there are no overlapping procurement categories which impact the respective business cases.
- 3.07 In committing to the NPS we must also commit to using all the contracts established by the service. There will be an “opt out” mechanism, however this would be by exception and need to be justified to the NPS board in advance of the tender process commencing.
- 3.08 There is a sound business case for the establishment of the NPS. However in giving our commitment to join the service we need to ensure Flintshire’s best interests are protected and associated risks are addressed. We therefore need to set out conditions alongside any commitment we give:-
- The hosting organisation chosen is competent with a proven track record of managing large scale procurement across multiple organisations and delivering substantial efficiency savings.
 - The final business case once the level of commitment is known still demonstrates achievable savings of a sufficient level to ensure the on-going sustainability of the service.
 - The Welsh Government confirm their funding commitment to the service on a non-refundable basis for participating organisations.
 - Arrangements are in place to ensure joint and several liability across all participants in the event of any dispute or performance issues with contractors.
 - The opt-out mechanism would allow us to be excluded from using individual contracts where it was clear that alternative procurement arrangements offered a proven “better deal” for Flintshire.
 - The opt-out mechanism would allow us to be excluded from using individual contracts if there was likely to be a significant adverse impact on the local or sub-regional economy.

4.00 RECOMMENDATIONS

4.01 Members are asked to support the NPS and Flintshire's membership for a 5 year period subject to the conditions set out in 3.08 above.

5.00 FINANCIAL IMPLICATIONS

5.01 It is difficult to identify the specific Flintshire efficiencies until the service is active. However the business case has identified a minimum level of savings for Local Government of £6 million per annum. The level of savings will obviously be influenced by buy in to the service and the resultant scale of procurement.

6.00 ANTI POVERTY IMPACT

6.01 None

7.00 ENVIRONMENTAL IMPACT

7.01 None

8.00 EQUALITIES IMPACT

8.01 None

9.00 PERSONNEL IMPLICATIONS

9.01 TUPE regulations may apply but unlikely to have any local impact for Flintshire.

10.00 CONSULTATION REQUIRED

No

11.00 CONSULTATION UNDERTAKEN

Extensive consultation on the business case has been undertaken with professional networks.

12.00 APPENDICES

Appendix 1 – Invitation letter and Pro Forma for response

Appendix 2 – Executive Summary of Business Case

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Contact Officer: Chris Guest
Telephone: 01352-702800
Email: chris.guest@flintshire.gov.uk