

National Procurement Service

Annual Report 2014/15

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1. Introduction – Sue Moffatt, Director, National Procurement Service (NPS)

As a newly formed organisation set up by the Welsh Government the focus of the NPS is to deliver all-Wales contracts and frameworks in areas of common and repetitive spend. The over riding objective is to Buy Once for Wales while, embedding the Wales Procurement Policy Statement into all its work.

During the first year of operation our priority was on recruiting a team of category procurement professionals, developing and implementing processes, transition of existing contracts and establishing and determining the future work programme.

I am delighted to report that this has been achieved. We now have a full staff in place, located across Wales, have transferred across a large number of contracts and are equipped to deliver an initial pipeline of collaborative procurements up to the value of £1.1bn.

Driving collaborative procurement is central to the work of the NPS. With the reduction in public sector budgets, the savings that collaborative procurement can offer is critical to provide the cashable savings for re-investment to front line operational services across Wales

At the end of our first full financial year, our first milestone, I can report cashable savings of over £7million from both NPS and other public sector contracts we have taken on, and in some cases have renegotiated to improve the value. This has exceeded what was set out in the original business case.

We have established a commitment to reduce bureaucracy for suppliers, to run all procurements in a timely manner, in line with EU procurement law and based on a lean methodology. We also operate in a transparent manner, reporting any exceptions and NPS ensures fair and open competition at all times.

In March, the NPS, in conjunction with Value Wales and Business Wales, welcomed over 500 delegates to the inaugural Procurex Wales Live. This was the largest ever gathering in Wales of procurement professionals connecting both buyers from the Welsh public sector with current and future suppliers. It was a great success and has helped raise the profile of public sector procurement in Wales.

This first year was always going to be a transition period, building the team and starting to build the evidence that a NPS can deliver both value for money and drive an increase in Welsh suppliers winning public sector business. It is a truly exciting time for the NPS in Wales as we continue to work more efficiently and collaboratively on behalf of the public sector. We have a team

of committed and expert individuals in place who are eager to rise the challenges ahead.

2. Governance

Following the recommendations of the John McClelland Review of procurement governance across Wales, commissioned by the Minister for Finance and Government Business, creation of a national service also meant the need for an agreed governance structure for NPS which was agreed by the Minister for Finance and Government Business.

NPS Board

NPS is accountable to the NPS Board which comprises of CEO Representatives from across the Welsh public sector and oversees the strategic direction of NPS. The NPS Board originally met on a bi-monthly basis but now meets quarterly. Sector representation includes Welsh Government, NHS, Education, Police, Local Government, Fire and Rescue and Welsh Government sponsored bodies.

The Chair of the NPS Board is Steven Morgan, Ministry of Defence(MOD), who was appointed for a three year period, under the NOLAN principles and chaired his first meeting in June 2014. Two meetings were held prior to this chaired by Neil Frow - Director, NHS shared services, in his role as interim chair.

Delivery Group

The NPS Delivery Group consists of senior procurement leaders from across all sectors in the Welsh public sector. Sector representation includes Welsh Government, NHS, Education, Police, Local Government, Fire and Rescue and Welsh Government Sponsored Bodies. The group which meets on a monthly basis, provides operational direction and approval of the NPS' work programme, including approval to proceed with procurement strategies and ensures that savings plans developed by the NPS are robust and deliverable. The Delivery Group is chaired by Sue Moffatt, Director, NPS. The first meeting was held in April 2014.

Category Forums

Category Forum Groups have been set up to shape procurement strategies in advance of them going to the Delivery Group for approval. The forums which consist of specialist, technical and customer representatives ensure that adequate consultation with the sector has taken place and that barriers to the adoption of the strategies are reduced. Category Forum Members are agreed by the NPS Delivery Group.

Governance Documentation

A suite of governance documentation is now in place for NPS, including standard terms of reference which have been developed and are in place for all of the above governance forums.

Opt Out Guidance

At the point of commitment to the NPS, each organisation was given the opportunity to opt out of categories within scope of NPS. If an organisation did not opt out at this stage then the organisation has committed to using the contracts and frameworks put in place by NPS.

A formal 'opt out' process has now been put in place, with a business case process and approval or rejection of the business case decision sitting under the governance and jurisdiction of the NPS Board. If a member organisation wants to opt out of a procurement exercise then they must provide detailed financial and business justification. Detailed guidance, templates and flowcharts have been developed and circulated to all member organisations.

Customer Charter

In September 2014 NPS completed a review of the customer charter. The customer charter was originally developed in January 2014 and sets the roles of the NPS, expectations of customer organisations and the work that NPS will carry out with suppliers.

3. Categories

NPS has implemented a category management approach and was established with 7 overarching categories of common and repetitive spend.

Common and repetitive spend is determined through an agreed taxonomy using Proclass level 3 and E-Class classification of accounts payable spend taken from stakeholder finance systems.

One of the core deliverables for the 2014/15 year of operation of the NPS was a review of the Outline business Case and re-stating of the targets in a four year business plan. One of these deliverables was to agree the classification of spend.

Food was originally only partially included and further work was carried out to scope the category with the NPS Board agreeing that Food would also be undertaken by NPS for which a strategy is currently under development. Details of each of the categories are listed below.

To view full detailed versions of the category pipelines, please visit the NPS website: <http://nps.gov.wales/pipeline/future-pipeline>

Construction and Facilities Management

The construction and facilities management category covers a broad range of goods and services required by the Welsh public sector to maintain and deliver 21st century infrastructure and buildings to our citizens.

Work has also been undertaken in preparation for NPS to incorporate Utilities as an area within its procurement portfolio of activity.

K e y		Preparation (Analysis, Decision Point, Document Preparation)
		Tender (Tender is live and open for bid submission)
		Evaluation/Recommendation
		Award and Go Live

Construction FM and Utilities Procurement Activity Pipeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Planned Project	Estimated Annual Value	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2015	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2016
Civil Engineering Maintenance: Rock Salt	£4,250,000								
Civil Engineering Maintenance: Road Markings	£200,000								
Civil Engineering Maintenance: Maintenance & Traffic Control Systems	£200,000								
Civil Engineering Maintenance: Provision of Highways Lighting Products	£2,500,000								
Construction Materials: Electrical, Heating & Plumbing	£10,000,000								
Construction Equipment: Tools, Plant & Equipment Purchase	£10,634,727								
Construction Equipment: Tools, Plant & Equipment Hire	£10,634,727								
Construction Materials: Glass Polycarbonate & Double Glazed Units	£500,000								
Facilities Management - Phase 1 - Managed Service - Hard and Soft FM	£30,000,000								
Facilities Management - Other phases - TBC	£266,672,735								
Cleaning & Janitorial Materials	£6,000,000								
Furniture, Fixtures, Fittings and Flooring: Heavy Canteen Equipment	£900,000								
Furniture, Fixtures, Fittings and Flooring: Flooring	£3,752,126								
Furniture, Fixtures, Fittings and Flooring: Fixtures & Fittings	£3,752,126								
Utilities - Wood Pellets	£450,000								
Utilities - Solar PV									
Utilities - Gas	TBC								
Utilities - Electricity Non Half Hourly	TBC								
Utilities - Electricity Half Hourly	TBC								
Utilities - Water	TBC								
Total	£350,446,441								

Corporate and Business Support Services

The corporate and business support services category covers a broad range of utilities, goods and services required across the Welsh public sector.

K e y	Preparation (Analysis, Decision Point, Document Preparation)
	Tender (Tender is live and open for bid submission)
	Evaluation/Recommendation
	Award and Go Live

Corporate and Business Support Services Procurement Activity Pipeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Planned Project	Estimated Annual Value	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2015	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2016
Supply of High Visibility, Personal Protective Equipment (PPE), Uniforms, Workwear and Leisurewear	£6,227,214								
Printing Services	£2,400,000								
Post, Courier & Post Room Equipment	£16,400,000								
Stationery & Copier Paper	£3,200,000								
Total	£28,227,214								

Fleet and Transport

The fleet and transport category covers all types of vehicles and most of the sub-categories within this section relate to cars and vans. The sub-category titles are road vehicles, rail vehicles, vehicle fuels and lubricants and other vehicles.

K e y	Preparation (Analysis, Decision Point, Document Preparation)
	Tender (Tender is live and open for bid submission)
	Evaluation/Recommendation
	Award and Go Live

Fleet & Transport Procurement Activity Pipeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Planned Project	Estimated Annual Value	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2015	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2016
Tyres and Associated Services	£3,000,000								
Contract Hire / Leased Vehicles	£12,347,000								
Purchased Vehicles	£6,521,000								
Passenger Transport	£169,924,232								
Total	£191,792,232								

Information and Communications Technology (ICT)

The ICT category covers a range of ICT commodities and services including hardware, software and telecom services.

K e y	Preparation (Analysis, Decision Point, Document Preparation)
	Tender (Tender is live and open for bid submission)
	Evaluation/Recommendation
	Award and Go Live

ICT Procurement Activity Pipeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Planned Project	Estimated Annual Value	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2015	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2016
Library Management System	£1,000,000								
Fixed Telecoms	£22,427,197								
IT Products & Services	£83,291,249								
Information Assurance Services	£1,348,587								
IT Maintenance & Cabling Services	to be scoped								
Digitisation, Storage & Disposal	to be scoped								
Cwmwl Cymru	£77,641,764								
MFD	to be scoped								
United Communications	to be scoped								
Total	£185,708,797								

People Services

The people services category covers a wide range of commodities and services including areas such as travel & accommodation, marketing and media, arts, sports and leisure.

K e y	Preparation (Analysis, Decision Point, Document Preparation)
	Tender (Tender is live and open for bid submission)
	Evaluation/Recommendation
	Award and Go Live

People Services		Procurement Activity Pipeline							
Planned Project	Estimated Annual Value	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
		Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2015	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2016
Environmental Services - Waste Bags	£9,000,000								
Environmental Services - Waste Collection	TBC								
Human Resources - Staff Benefits	£7,000,000								
Human Resources - Training	£10,000,000								
Social and Healthcare - Telecare	£3,500,000								
Transport - Travel and Accommodation	£4,586,039								
Total	£34,086,039								

Professional Services

The professional services category covers a broad range of advisory and specialist services required by the Welsh Public sector to help design and deliver the most effective and efficient services.

K e y	Preparation (Analysis, Decision Point, Document Preparation)
	Tender (Tender is live and open for bid submission)
	Evaluation/Recommendation
	Award and Go Live

Professional Services		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Procurement Activity Pipeline		Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2016
Planned Project	Estimated Annual Value								
Insurance	£35,400,000								
ICT Consultancy	£18,800,000								
Business Consultancy	£25,500,000								
Legal Services - Solicitors	£20,050,000								
Legal Services by Barristers' Framework									
Financial Services - Banking Services									
Financial Services - Cash Collection	£900,000								
Consultants - Construction Consultancy Phase 2	£5,000,000								
Consultants - Construction Consultancy Phase 3	£5,000,000								
Total	£110,650,000								

All consultancy frameworks include detailed user guidance for awarding business under the frameworks, however organisations are advised to seek expertise first from other public sector bodies who may have and be able to share their expertise before entering into a commercial contract.

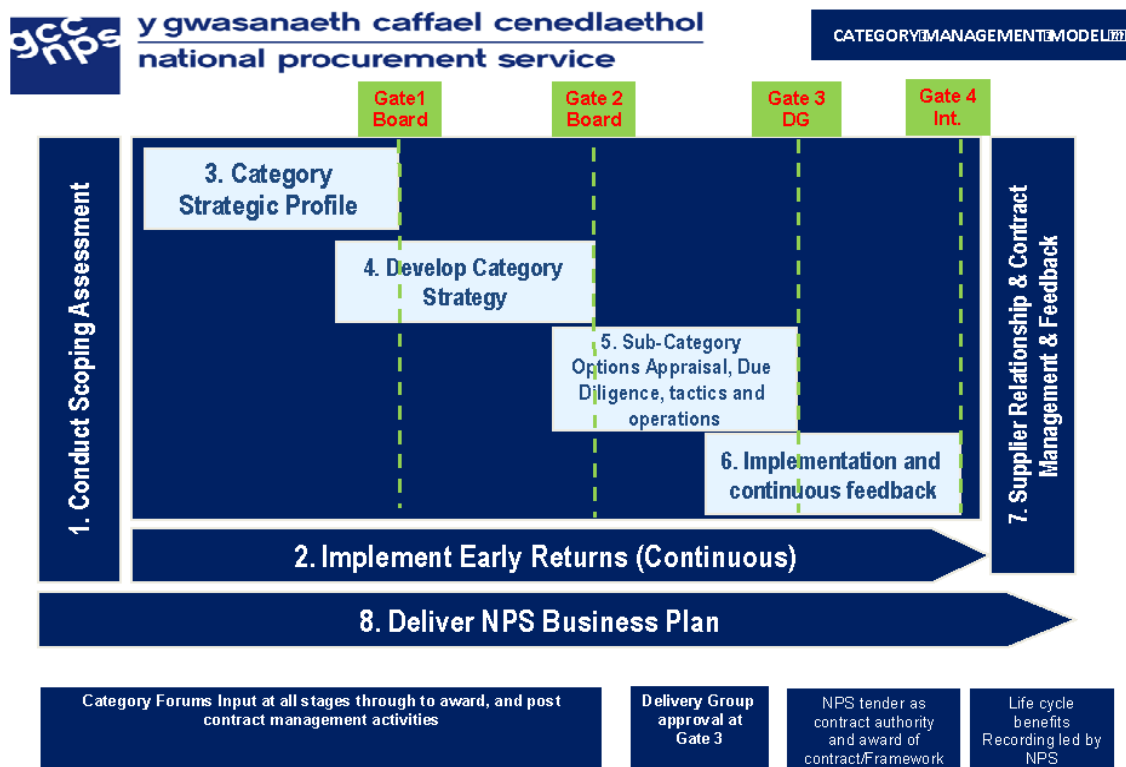
Food and Drink

At present, food is procured on a sector basis within the Welsh public sector. Food and drink purchasing represents a significant area of spend within the Welsh public sector. NPS, in close consultation with key stakeholders in the Welsh public sector, are beginning work on a strategy for the procurement of food by the end of 2015. Critical to the adoption of this category is engagement with the nutritional and food safety experts already working within the Welsh public sector to ensure the NPS builds in the good work already done across the local authorities and health sectors.

Food & Drink Procurement Activity Pipeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Planned Project	Estimated Annual Value	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2015	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2016
Frozen Foods	£13,275,800								
Ambient	£13,275,800								
Fresh Meat (Including Poultry & Eggs)	£9,020,000								
Milk	£6,018,800								
Drinks (Including Water), Crisps and Confec.	£7,314,400								
Bread & Bakery	£3,099,600								
Fruit & Vegetables	£6,059,800								
Dairy (Excluding Milk)	£2,115,600								
Provisions	£828,200								
Total	£61,008,000								

4. Contract and Framework Agreements

NPS embeds the principles of the WPPS into all the Contracts and Framework Agreements that it lets and manages, and where applicable Community Benefits are applied.. The principles are incorporated into a standard operating model which is now in place for the service and embedded into the work of category teams (Diagram below).



NPS gives early notice to suppliers to ensure there is wide scale awareness of new opportunities including where possible;

- Prior Information Notices (PINs) issued in accordance with OJEU processes between 3 and 6 months in advance of the commencement of procurements on Sell2Wales.
- 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.

All contracts and frameworks are tailor made for e-trading Wales.

NPS has put in place a total of six All Wales frameworks during the 2014/15 financial year. The table below lists these frameworks, the month of award, the annual value of each and the % of Welsh suppliers and Welsh Small and Medium Enterprises (SMEs) that have been awarded a place on each.

Contract Title	Month of Award	Annual Value (£)	% of Welsh Suppliers	% of Welsh SMEs
Welsh Translation Framework	June 14	£1.7m	100%	97%
Resource Efficiency Wales	July 14	£4.7m	46.5%	38.9%
NPS Managed Service for Printing Services	Sep 14	£12m	71%	71%
Construction Consultancy	Jan 15	£13.5m	43%	40.5%
Supply of Stationery and Paper (Lot 2)	Jan 15	£2.4m	0%	0%
General Building Materials	Feb 15	£11.8m	60%	53%

Pipeline of Work

A procurement activity pipeline has been established which details the NPS planned procurement work. The pipeline already has a value of £1.1bn which is expected to grow to cover all categories with an annual value of £2.2bn during 2015/16 financial year.

The pipeline operates under the LEAN methodology and provides a visible and detailed timeline of the key milestone for each stage of procurement activity.

The NPS supports the Wales Procurement Policy Statement in all its work, the Resource Efficiency Framework provides an excellent example of this;

Resource Efficiency Wales Frameworks Evidenced against the Wales Procurement Policy Statement	
Economic, Social and Environmental Impact	A key support component of the ground breaking Resource Efficient Wales service that launched in September 2014.
	Replaced a 10 year delivery model of dispensing grants to a small number of major providers. Directly contracting with the supply base will deliver a Framework with value of £40million with estimated savings of £4 million over four years.
	A Sustainable risk assessment was undertaken to ensure that ethical and sustainable issues were taken into account in key procurement decisions. This led to the development of a procurement model that gave SMEs a real opportunity to win a place on the framework.
Community Benefits	<p>Since July considerable savings and benefits have been realised:</p> <ul style="list-style-type: none"> • 18 mini-competitions have been conducted • Of the 18 the mini-competitions undertaken £3,035,358 has been awarded to Welsh based SMEs. • The Welsh economy has benefited by a total of £6,116,716.
Open Accessible Competition	Early notice was provided to suppliers to ensure there is wide scale awareness of new opportunity. A Prior Information Notices (PINs) was issued in accordance with OJEU processes between 3 and 6 months in advance of the commencement of procurement. In addition market engagement events were held both pre and during the tender in October 2013 and January 2014.
	The Framework was let across two lots. Further breakdown down into specialist disciplines allowed micro businesses to bid as strongly for a specific discipline as larger companies.
	The Framework was to open opportunities from a spectrum of suppliers from niche micro businesses to global providers 72 suppliers were successful; 46.5% were Welsh suppliers with 38.9% of these being Welsh SME's. A further 12 SME's are part of a consortia.

Simplified Standard Process	The Supplier Qualification Information Database (SQuID) was adopted to ensure a simplified approach to supplier selection
Collaboration	The model also allowed for collaboration and mini-competitions which meant that smaller bidders could join together to bid for larger opportunities.
Supplier engagement and Innovation	A number of consortia bids have been received supporting the Joint Bidding Guide developed by the Welsh Government.
	In addition, the framework launch event in July 14 a framework model was developed in partnership with the framework bidders that allowed consortia to form for specific framework needs.
	This has seen a number of consortia form from framework providers to bid for work that spans a number of disciplines.

Contract Notices

In addition to the contracts awarded NPS also issued a series of contract notices on Sell2Wales for a range of commodity areas. All of these contracts, with the exception, have now be successfully awarded and are available for NPS stakeholders.

Contract/Framework	Date Contract Notice Issued
Occupational Health	December 2014
Agency	December 2014
Vehicle Hire	January 2015
Liquid Fuel	January 2015
Furniture	January 2015
Library Management System (LMS)	January 2015
Cleaning Services	February 2015

Savings

The NPS savings methodology incorporated stakeholder feedback in its completion and which was approved by the NPS Board.

During the 2014/15 financial year NPS reported cashable savings of £7.8m across the Welsh Public Sector, against an overall target of £4.2m of which £1.5m was cashable. These targets taken from the outline business case, and progress was discussed and detailed each month through NPS Delivery Group with all Heads of Procurement having input into the development of the savings methodology and the reporting mechanisms.

NPS have taken on-board 16 framework agreements, originally awarded by other public sector bodies and have been managing those contracts, benchmarking and in some cases renegotiating them.

The table below shows a breakdown of savings by NPS Category for the 2014/15 financial year and includes some savings against the contracts transitioned to NPS during the 14/15 financial year. Savings for 2014/15 were reported in line with the agreed savings methodology endorsed by Public Services Leadership Group in 2012.

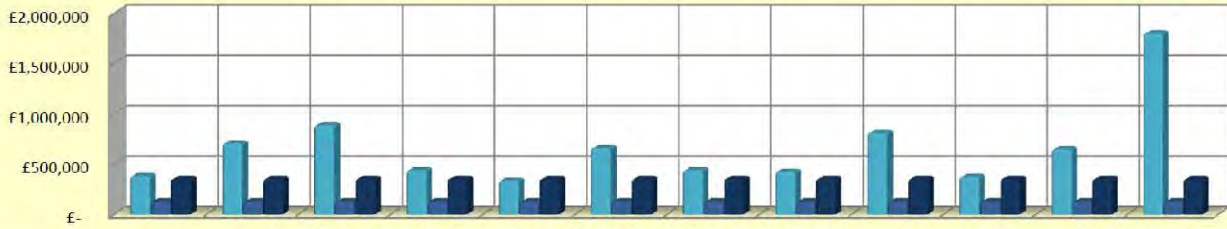
Category	Savings
Corporate & Business Support Services	£399,224
Professional Services	£467,560
Food and Drink (strategy under development)	£0
Construction & FM	£15,841
People Services & Utilities	£5,452,176
ICT	£1,567,671
Fleet & Transport	£0
	£7,902,472

The NPS savings methodology is based on best practice and has been agreed 'as fit for purpose' by Wales Audit Office. Savings on NPS frameworks are only reported in the first year of a contract of framework unless the pricing is renegotiated in years 2,3 and 4, unlike other public sector reporting models where the savings are reported cumulatively throughout the CSR cycle.

As part of the review of the outline business case, the savings target for NPS was re-stated in the Business Plan as 3% cashable for all spend under management with non cashable benefits, such as community benefits also being reported. Ensuring a standard, concise and auditable approach is another key deliverable for the NPS.

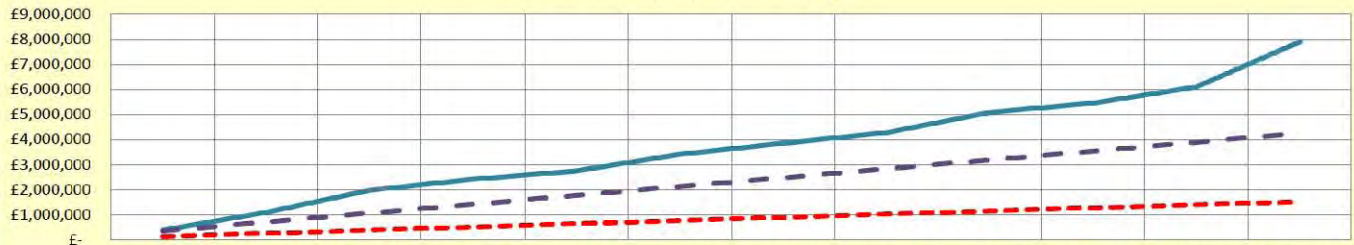
NPS – Spend and Savings Breakdown – 2014/15 FY

NPS Savings vs Target - Month on Month



	Apr-2014	May-2014	Jun-2014	Jul-2014	Aug-2014	Sep-2014	Oct-2014	Nov-2014	Dec-2014	Jan-2015	Feb-2015	Mar-2015
Total Monthly Savings:	£381,961	£705,439	£888,626	£439,073	£335,009	£661,790	£439,308	£422,374	£810,042	£372,207	£648,439	£1,798,204
Monthly Cashable (Based on £1.528m)	£127,333	£127,333	£127,333	£127,333	£127,333	£127,333	£127,333	£127,333	£127,333	£127,333	£127,333	£127,333
Monthly Target (Based on £4.245m)	£353,750	£353,750	£353,750	£353,750	£353,750	£353,750	£353,750	£353,750	£353,750	£353,750	£353,750	£353,750

NPS YTD - Savings vs Target



	Apr-2014	May-2014	Jun-2014	Jul-2014	Aug-2014	Sep-2014	Oct-2014	Nov-2014	Dec-2014	Jan-2015	Feb-2015	Mar-2015
YTD Total:	£381,961	£1,087,400	£1,976,026	£2,415,099	£2,750,108	£3,411,898	£3,851,206	£4,273,580	£5,083,622	£5,455,829	£6,104,268	£7,902,472
YTD Cashable (Based on £1.52m)	£127,333	£254,667	£382,000	£509,333	£636,667	£764,000	£891,333	£1,018,667	£1,146,000	£1,273,333	£1,400,667	£1,528,000
YTD Target (Based on £4.245m)	£353,750	£707,500	£1,061,250	£1,415,000	£1,768,750	£2,122,500	£2,476,250	£2,830,000	£3,183,750	£3,537,500	£3,891,250	£4,245,000

5. Business Intelligence (BI)

BI has established new and essential tools for NPS and member organisations ensuring;

- Reporting against key targets for NPS performance
- Delivering Management Information regarding supplier spend capture and stakeholder reporting
- Production of detailed procurement activity pipelines, including monitoring and exception reporting for Delivery Group
- Access to market intelligence insight – incorporating industry analysis and risk rating

BI have been working on the development of a new data warehouse to collect Management Information to assist category analysis, Mandatory Supplier Rebate collection and improved reporting capability for implementation 2015/6.

Reporting

The NPS Business Intelligence team have developed a suite of detailed reports that enable spend, savings and income from the Mandatory Supplier Rebate to be reported in the following ways:

- At a summary level for all stakeholders of the NPS
- At a sector level
- At a category level
- Sector level by category
- Sector level by contract
- Agreement and contract level
- Monthly, quarterly and annually

Reports for each sector and issued to the NPS Delivery Group sector representation for circulation to their sectors on a monthly basis. Further development is in progress to create summary sector and organisational reports for Chief Executives, Managing Directors and Finance Directors and to develop Organisational Management Information capture and reporting.

Cataloguing

The BI-team also undertakes catalogue super-user activities. NPS has transitioned 103 catalogues from ePS, made up of Value Wales and Welsh Purchasing Consortium contracts.

6. Communications

The NPS Communications Team has been fully established since December 2014. Both members of the Team are fluent Welsh speakers ensuring that all NPS work is compliant with Welsh Language Standards.

Engagement with stakeholders is vital to NPS success so a comprehensive Communications Strategy has been developed. The Communications Strategy dovetails with the Welsh Government's Communication Strategy and news items are provided for the Welsh Government website. As part of this a number of communications channels have been adopted to ensure that member organisations and suppliers are suitably engaged and informed.

The NPS website has been fully reviewed and updated. Communiques from the NPS Board and Delivery Group meetings, containing key discussions and decisions, are regularly issued to stakeholders via e-mail and also uploaded to the NPS website.

Stakeholders are informed of the awarding of NPS Contracts and Frameworks through the newly developed 'Notices of Award for Customers'. These are issued through e-mail to Heads of Procurement to member organisations and Delivery Group members.

A review of NPS marketing material was undertaken in January 2015 following which new leaflets, information sheets and z-cards were produced.

NPS are fully embracing social media, through existing Twitter channels @NPSWales and @gccymru, and the newly established LinkedIn Showcase Page. A social media plan has been developed, incorporating both Twitter and LinkedIn channels.

NPS work closely with Sell2Wales and Business Wales to plan and share social media posts to extend the reach of NPS through this co-ordinated approach. Social media posts are used to drive traffic to both the NPS and Sell2Wales Websites, and this is monitored through both Hootsuite Analytics and Google Analytics.

During the period leading up to Procurex Wales Live on March 18, specific hashtags were developed to generate pre and post-event interest and encourage stakeholder engagement through live-tweeting at the event. Use of these hashtags through the Twitter channels of NPS, the Minister for Finance and Government Business, Sell2Wales, Business Wales and Procurex, resulted in a hive of wider social media activity surrounding the event. Between February 1 and March 31, NPS' Twitter accounts experienced a growth of 39 followers, received 92 retweets, and the event hashtags were used a total of 194 times.

7. Key Events

Construction and Facilities Management Launch (June 2014)

In June 2014 the Minister for Finance and Government Business launched the NPS Construction and Facilities Management Category event which was the first deliverable for NPS.

The event was attended by over 80 individuals, which included 35 of the top suppliers for Construction and Facilities Management and a number of stakeholders who currently hold the contracts with top suppliers.

At the event suppliers were asked to look at price reductions, standardisation of pricing and to work with NPS in achieving savings through a procurement pipeline and continued contract management with their public sector customers in order to deliver the savings target. Suppliers were also given an overview of the role of the NPS and an update on the Category Strategy for Construction and Facilities Management within the NPS.

The event resulted in suppliers proposing circa £4.6m savings opportunities which, where appropriate were taken forward by the stakeholder organisations.

Procurex Live (March 2015)

Procurex Live took place in Wales for the first time as part of procurement week on 18 March. The event co-hosted by National Procurement Service, Value Wales and Business Wales.

The event brought together the procurement community to focus on the challenges faced within the Welsh public sector, and provide both buyers and suppliers a unique opportunity to collaborate, enhance their procurement knowledge and share good practice. Over 800 delegates registered to attend the event, with over 500 turning out on the day. The event was the largest collection of public sector procurement professionals we have seen in Wales and since the event took place a number of third sector suppliers who were offered free places have won new contracts within the public sector to deliver their services.

The Minister for Finance and Government Business provided the key note speech highlighting the importance of the Wales Procurement Policy Statement and public sector procurement and other high profile speakers then covered subjects designed to enhance delegates understanding and knowledge of the latest developments, initiatives and legislative changes taking place in procurement.

Throughout the day there were a series of breakout sessions hosted by public sector leaders and suppliers on topics pertinent to procurement in Wales including Supply Chain Risk, Community Benefits, Public Procurement Policy

in Wales and the NPS. There were also 30 companies occupying stands exhibiting their products and services on NPS, Business Wales and Value Wales.

Part of the role of the NPS is to raise awareness across both the procurement community and supplier community, bringing people together to deliver better outcomes through contracts for goods and services and making suppliers aware of services such as Business Wales who can support their tender submissions.

8. NPS Staffing

NPS was set up under an outline business case which determined the number of staff. This is currently set as 42 full time equivalent posts.

At the beginning of April 2014 the NPS had 32 permanent employees, 9 agency staff and one secondee from another Welsh Government Department.

By the end of March 2015 NPS had a full complement of staff which was represented by 42 full time posts undertaken by 43 staff members with two staff members working part time.

Only one agency staff remains in post and is covering the Head of Food Category. This post is in the process of being recruited for permanently.

NPS staff members are allocated across teams including super categories, business intelligence, finance, business, communications and other support functions.

The Outline Business Case originally recommended one member of staff per £10m spend under management. The development of the Business Plan has led to this assumption being restated more in line with best practice and higher operational efficiency at one member of staff per £20m spend under management.

NPS Staff by Team

NPS Staff (March 2015)	FTE	Headcount
Director Team	2.00	2
Head of Category Management	2.00	2
Senior Stakeholder Manager, Finance and Business	3.00	3
Communications Team	2.00	2
Business Intelligence Team	6.00	6
ICT Category Team	5.00	5
Professional Services Category Team	4.00	4
Facilities Management and Construction Team	5.00	5
Corporate Services Category Team	4.00	4
People Services Category Team	5.40	6
Fleet Category Team	3.00	3
Food Category - agency staff	1.00	1
Total	42.40	43.00

NPS Staff Members by Location

Number by location	Bedwas	Swansea	Llandudno	Total
Full time equivalent posts	26.8	7	8.6	42.4
Headcount	27	7	9	43

NPS Standards

The diagram below shows the standards that provide the basis for identifying and achieving strong performance and high potential ratings, and are linked to other key standards and commitments: They incorporate the skills and behaviours that everyone in FCS (at all grades) is expected to display to a consistently high standard at all times.



Professional Qualifications and Continuous Professional Development

All NPS staff directly involved in professional related activity are encouraged and supported with obtaining related professional qualifications and Continuous Professional Development (CPD).

NPS Staff with professional qualifications	Number
Fellow - Chartered Institute of Procurement and Supply	1
Member - Chartered Institute of Procurement and Supply	27
Student - Chartered Institute of Procurement and Supply	3
Member - Chartered Institute of Management Accountants	1
Total Number	32

CIPS Ethics training is mandatory for all staff involved with procurement related activities. NPS are working towards adoption of the Chartered Institute of Procurement and Supply global competency framework.

Finance – CPD

CPD is undertaken in line with the Chartered Institute of Management Accountants (CIMA). This is an essential element of membership of the Institute and individual CPD records can be called for audit by them any at time. CPD is not hours based and is not specified by CIMA. The identification of CPD requirements are a matter for the individual to ensure that both technical and work based activity skills are kept up to date in line with work undertaken and for career aspirations. CPD learning can be undertaken in various formats, however, the identification of the requirement, how it was undertaken, the learning outcomes and future additional CPD must be clearly demonstrated.

Funding of the NPS – Invest to Save (I2S)

The NPS has been set up with Invest to Save (I2S) funding during 3 financial years beginning in November 2013.

The I2S funding is in the form of a loan which will be repaid once the NPS is fully operational and delivering such surpluses as can repay this loan.

NPS was allocated £5.920m I2S funding over a 3 year period from the launch of the NPS in November 2013 until the end of March 2016.

The allocation across the 3 year period of investment period is as shown in the table below:-

NPS Invest to Save Loan – Draw Down Table

Invest to Save Loan		£
Financial year 2013-14		1,184,000.00
Financial year 2014-15		2,618,000.00
Financial year 2015-16		2,118,000.00
Total Invest to Save Loan		5,920,000.00

9. NPS Future Funding – Income Generation

Once fully operational from 1st April 2016 the NPS will need to cover the cost of operation through the collection of a mandatory supplier rebate which will result in income.

The NPS is hosted by the Welsh Government and the costs of operation are those associated with staff salary, staff related costs such as training, mobile equipment and travel and subsistence. Any additional operational costs such as translation, legal, website, publicity materials will also need to be covered. Other overhead costs are borne by the Welsh Government as the employers of the staff deployed in NPS.

Any surplus income will be used to repay the I2S loan in the first instance.

The mandatory supplier rebate (rebate) will be a percentage (currently set at 0.45%) of the sale of goods/services which are attributed to a supplier against a contract/framework awarded to them through the NPS. Any charges to the rebate will be agreed through the NPS Board.

A detailed financial model has been developed to forecast and track income generation and potential spend through NPS frameworks and the model is reviewed monthly using actual data to update the forecasts.

10. Finance Report for 2014-15

Expenditure

This report covers the financial year from 1st April to 30th March (2014-15) which is the first full year of operation of the NPS.

The outturn for NPS during this financial year was £2.612m against an I2S allocation draw down of £2.618m.

NPS expenditure for 2014-15 was £2.655m.

The I2S funding drawn down was £2.618m and NPS invoiced for rebate of £0.043m giving a total available budget of £2.661m.

There was an under spend of £0.006m which is 0.2% of the total budget.

The major expenditure for NPS was staff costs with 91% of the costs attributed to staff salary costs including those of agency staffing covering posts whilst permanent staff members were recruited.

A further 6% of the costs were for staff related expenditure such as travel and subsistence, professional fees, recruitment, car hire and mobile telephony services.

The remaining 3% covered all additional costs incurred by the NPS in the delivery of the operation. This included supplier days, stakeholder engagement, publicity materials, legal, translation and related costs.

Income

Income was not expected to be raised on NPS contracts until financial year 2015-16. However, a small amount of income was earned during the 2014-2015 on two on-boarded contracts.

NPS operating model did not factor in funding for the resources to cover the work involved in taking on on-boarded contracts so the small income stream relieved some budgetary pressures incurred through taking on this additional unfunded work.

Income was invoiced for a total of £0.043m in March 2015.

11. Forward Look

The NPS will continue to grow and deliver the pipeline of activity in line with the agreed categorisation of spend, factoring in the requirements of the revised Wales Procurement Policy Statement and will seek to increase customer usage of delivered frameworks and contracts. In addition the following activity will build on these foundations:

Business Plan

NPS launched its first four year business plan for the NPS covering April 2015 until March 2019. The Business Plan sets out the NPS strategies and deliverables for the next 4 years with a detailed overview of activity from April 2015 to end of March 2016.

The Business Plan will be updated and re-issued annually to report progress against key performance indicators and delivery targets.

Audits

The NPS will be subject to regular audits from Welsh Government Internal Audit and also the Welsh Audit Office, with a review of the success of the organisation planned post March 2016. In addition the NPS will be subject to the procurement fitness checks carried out across the public sector by Value Wales. This first check is planned for November 2015.

eTrading Wales

The Minister for Finance and Government Business recently launched eTrading Wales e-procurement programme. NPS uses eTrading Wales as the primary mechanism for providing public bodies with access to its collaborative contracts and catalogues. An accelerated adoption programme is being driven forward through the ePS Programme to ensure all 73 stakeholder organisations have access to the system.