



The Future of Local Government Collaborative Procurement in Wales

**Investing in Local Government Procurement to
deliver for Future Generations**

Welsh Local Government Association

The WLGA's primary purposes are to promote a better local government, its reputation and to support authorities in the development of policies and priorities which will improve public service and democracy.

It represents the 22 local authorities in Wales with the 3 fire and rescue authorities and 3 national park authorities as associate members.

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Welsh Local Government Heads of Procurement Network

The HoP network is an officer group facilitated by the WLGA. Membership comprises a nominated lead officer from each organisation within the WLGA. The HoP network supports collaborative procurement and the promulgation of good practice in procurement.

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Background

In September 2018 the First Minister published a written statement through which Local Government were informed that the National Procurement Service (NPS) would cease to operate in its current form.

Welsh Government (WG) representatives have informed us of their intentions to form a smaller national contracting body which would sit within WG. They have proposed a pipeline which would result in them retaining 33 of the 61 contracts which Local Authorities would typically use with 28 being handed back to Local Government to deliver with a suggestion that 6 could be delivered through existing collaborative arrangements established and managed outside of Wales. It is intended that these changes would take effect from April 2020.

In response at the Heads of Procurement Network meeting on the 23rd January 2019 it was agreed that Local Authorities across Wales needed to jointly determine the future strategy and delivery arrangements for Local Government procurement collaboration in Wales. To progress this, it was decided that a self-facilitated workshop be held. This workshop was held on 14th March 2019.

Purpose of this Briefing Paper

This briefing paper provides a summary of the key principles which were agreed by the Network representatives who were present at the workshop. It is intended that this briefing paper is used to share these key principles with relevant stakeholders within the Network organisations to determine:

- The level of support for the key principles across the Network member organisations
- Any queries / concerns that Network member organisations may have

It is intended that feedback will be discussed at our next Network meeting to be scheduled for June 2019.

Although discussions are continuing to take place with WG it has been made clear that the development and implementation of this model is subject to agreement from the Network member organisations.

Key Principles

1. New arrangements must support an investment in Local Government Procurement to deliver for Future Generations

Since the formation of the National Procurement Service (NPS) the sustained period of austerity has seen an erosion in the capacity, knowledge and expertise within Local Government procurement. Local Government spends £3.6bn per annum on third-party

goods, services and works and as well as ensuring this spend is managed efficiently, effectively and compliantly there is a growing expectation on the additional value that can be delivered to support the Wellbeing of Future Generations and development of the Foundational Economy. If Local Government is to take back delivery of collaborative procurement activity and maximise the opportunity to drive efficiency and savings and to deliver on wider policy expectations, it must invest in capacity and capability.

2. Local Government collaborative procurement activity across Wales should be co-ordinated through the WLGA Heads of Procurement Network

Since the closure of the Welsh Purchasing Consortium on 31st March 2016, the Network has been the only all-Wales forum to support Local Government procurement collaboration and knowledge sharing. It was agreed that this Network should be retained and used to co-ordinate collaborative procurement activity and knowledge sharing across Local Government in Wales and with the wider public sector including Welsh Government.

3. The Network to develop and 'own' an All-Wales Local Government Sourcing Plan and Contract Forward Plan

To ensure effective co-ordination of collaborative contracting across Wales it was agreed that a Local Government Sourcing Plan is required. This would be used to determine whether contracts should be awarded and managed on a national, regional, sub-regional or local footprint and whether they should be LG specific or cross sector. It would also determine who would be responsible for delivery. The Network will consider the WG proposals as part of the work undertaken to develop the initial Sourcing Plan and Contract Forward Plan.

Although it is expected that the Sourcing Plan will represent the majority view it is accepted that individual Local Authorities may have legitimate reasons to pursue a different sourcing approach. Where this is the case it would be reflected within the Sourcing Plan.

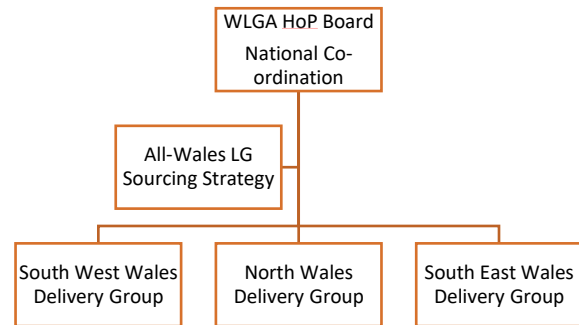
4. Local Government to deliver collaborative contracts through three Regional Delivery Groups

For the delivery of collaborative contracts by Local Government there was a clear preference expressed by the Network to establish regional delivery arrangements as it was considered this would:

- Support a move towards regionally / locally focused sourcing strategies which could better support delivery of local business requirements and the development and use of regional / local supply chains,
- Support regional economic development priorities, Future Generation initiatives and development of the Foundational Economy, and
- Simplify organisational arrangements.

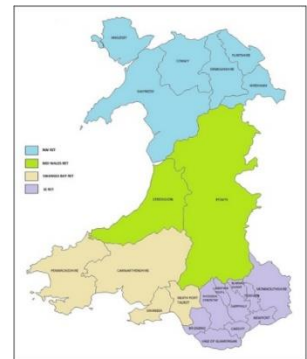
The model shown which would see the formation of three regional Delivery Groups was discussed and supported.

In respect of the boundaries of the Regional Delivery Groups it was agreed they would be best established around the economic development and City Deal regions albeit with Ceredigion and Powys working with one or more of the regional delivery groups as opposed to establishing one for Mid-Wales.



Ceredigion have already expressed a preference for being part of the South West Wales Delivery Group whereas Powys, due to their size and location may wish to participate in more than one.

It was recognised that the decision to deliver arrangements on a national, regional or local level would need to be done on merit to ensure that we avoid a one size fits all approach. We would expect the regional delivery teams to work collaboratively and for regional teams to deliver national contracts where that was deemed most appropriate.



5. Where appropriate contract delivery would be allocated and delivered through Regional Category Focused Centres of Expertise with flexibility to provide All-Wales contracts where appropriate

Under the previous WPC arrangements contract delivery was allocated to Local Authorities on an ad hoc basis. Under the new proposed delivery model, it is preferred that contracts should be delivered through Regional Category Focused Centres of Expertise as this would allow a Local Authority delivery team to develop an in-depth level of expertise and knowledge of a particular category. The scope and allocation of these potential centres of expertise would be considered as part of the development of the LG Sourcing Plan.

6. Contracts would continue to apply a levy which would be used to fund the retention and growth of procurement capacity and expertise within LG

The Network considered a number of resourcing / funding models. The previous WPC had operated based on a Reciprocal model, but it was acknowledged that the reduction in Procurement capacity in Local Government over the past 5 years meant there would be no resource to deliver on this basis. By retaining the levy applied to the current NPS contracts it was acknowledged that this would provide a revenue stream which could be used to retain and potentially fund recruitment of additional resource which could also support initiatives to encourage new talent such as apprentices and student placement programmes.

7. Levy would be managed on an Open Book basis and excess used to fund category development

There was a strong preference for a levy model, which was open book i.e. the contracting authority would only retain levy based on the level of pre-determined resource required to support delivery and management. As well as ensuring there were adequate resources in place it would allow any additional levy to be used to support category related initiatives including improving capability of end users and future generation initiatives.

Next Steps

At the workshop on the 13th March it was agreed that this Briefing Paper would be prepared to summarize the key agreed principles which could be used to by the Network representatives to brief senior officers / Members as required. This briefing paper has also been shared with Welsh Government representatives to facilitate on-going discussions to ensure an alignment of thinking in terms of future collaborative procurement activity.

The feedback from Network member organisations will be formally considered at our next Network meeting which is scheduled to take place in late June 2019. However, we would encourage any specific concerns to be shared in advance so that we may consider a response. The Chair and WLGA procurement lead have also made a commitment to engage directly with member organisations as required.

Following the Network meeting in June it is currently our intention that we will table a report to the next convenient Society of Welsh Treasurers (SWT) meeting and then to the WLGA Executive in [date].

In the meantime, a sub-group of the Network is starting to develop the All-Wales LG Sourcing Plan and Contract Forward Plan which will be used to further inform discussions on the formation of the Regional Delivery Groups and the proposed levy model.

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