

Cllr Des Davies
Chairperson
Policy and Resources Scrutiny Committee
Neath Port Talbot CBC
Civic Centre
Port Talbot
SA13 1PJ

Eich Cyf/Your Ref:
Eich Cyf/Our Ref:

22 April 2016

Dear Des,

Thank you for your letter dated 1 April 2016 regarding the breakdown and explanation of the savings that Neath Port Talbot has achieved to date. Please find the responses to the questions submitted by the Elected Members of the Policy and Resources Scrutiny Committee below:

- 1. Our former Procurement Manager left his post before last Christmas and before leaving he asked for details to be provided of the savings which NPS stated that Neath Port Talbot Council had realised (£79,285). He also asked for information regarding savings achieved during 14/15 and 15/16 but to date this has not been supplied. Would it be possible to receive this information and also savings achieved updates from NPS on a quarterly basis?**

The overall sector reports have been issued every month through the NPS Delivery Group and these reports capture all Local Authority savings by contract and category and are distributed to all Local Authority Heads of Procurement by the Local Authority representatives on the Group. A report for your organisation was generated and issued in June 2015. So I can only apologise if you have not had sight of the report. This report identified savings of £139,409.

At the Welsh Treasurers meeting in December, it became clear that reports were not being received within organisations so it was agreed that every Local Authority would receive their own report bi-monthly from April 2016.

The 2014/15 reports are being re-generated and will be re-sent directly to you for distribution to the committee. For 2015/2016 the final year end report is being collated and will be provided in June as there is a two month lag in receiving data from suppliers based on their invoicing and reporting business cycles. For 2016/2017 we will produce savings reports bi-monthly as agreed at the Welsh Treasurers meeting and a full year end report for each local authority.

- 2. We have recently experienced several instances where NPS contracts have been delayed. This has an impact on the Authority and has left us, or will soon leave us, without a contract in several areas; especially those where former WPC frameworks were in place; for example the agreement concerning frozen foods. Could we be given notice of slippage with sufficient time to allow us to take measures locally?**

The reasons for delay are discussed and agreed with Delivery Group who oversee and make decisions on the NPS programme of work. The local authority representatives are: Paul Ashleigh-Jones, Liz Lucas, Roger Barnett, Andrew Maisey and Steve Robinson.

The NPS category teams work with the Category Forum Group, our Communications Team and the Delivery Group Members to ensure any slippage in pipelines is notified to customers. This is to enable customers to manage these situations more effectively and minimise any contractual risks.

There is work underway to consider how we may better communicate delays & work with customers to minimise any contractual risks. We would like to reassure you that we make every effort to minimise delays, however for some categories such as stationary and print, legal challenges have delayed or prevented contract award. On other categories, where there has been disagreement on the approach through the category forum, the issue is ultimately escalated to the Delivery Group to decide on the best way forward on behalf of all of our customers.

I can only apologise for the delays in the frozen food agreement, the delays were due to the need to accommodate additional customer requirements in relation to food safety and testing which are critical requirements. In future we will be providing more frequent communication and direct updates to all customers on specific delays.

3. Some of the frameworks which have been delivered have been confusing and your responses to our queries can take a long time to arrive. Is it possible to streamline the process once the framework has been made available such that it becomes more locally adaptable? Currently if we do not wish to directly award we need to carry out a very similar process to that which has already been undertaken by NPS. It would be beneficial to be able to carry out a mini competition based purely on cost – thereby maximising the saving without needing to spend a large amount of time evaluating the quality given that was already assessed by NPS prior to the framework being released.

I welcome your feedback on these issues and they have been raised by other customers, discussed at Delivery Group and actions are being to address them which include:

- Working with customers to facilitate contract awards at the time of awarding a framework,
- Facilitating and delivering mini-competitions,
- Embedding direct award options into frameworks.

There is a requirement under the Procurement Regulations that mini competitions are run using the same evaluation criteria (weighting percentages) as laid out in the original tender. NPS can write tender documents that vary the weighting percentages for mini-competitions to move to a 100% price model if required. It is worth noting that the weighting criteria are set by the Category Forum Groups rather than NPS however we can include this discussion point as a standard process. The Category Forum Group has representatives from all sectors and the terms of reference requires its members to liaise with others in their sector to ensure the sector requirements are fully reflected in the final tender documentation.

4. Where a local agreement is cheaper than the cost which comes out of a mini competition, shouldn't the Authority be able to procure locally without needing to spend time opting out of the NPS framework?

The Minister for Finance and Government Business determined the governance for the NPS at the creation of the organisation and an opt out procedure was developed which allows organisations wishing to opt out to present their case to the NPS Board. Opt outs initially go to the Delivery Group for discussion and are forwarded on to the Board with the Delivery Group recommendation to accept or reject the opt out.

Clearly we do not want a customer to be paying more for the same products and services. Where an NPS supplier is more expensive on a like for like comparison with a compliantly tendered contract and the examples of price difference are identified, we work with the NPS framework suppliers to reduce or harmonise the pricing. To date all examples provided to NPS have either been non like for like comparisons or we have been able to reduce the prices to match or beat the local pricing.

The remit of the NPS is to buy once for Wales and establish frameworks for common and repetitive spend to enable local procurement teams to work more strategically, while ensuring the principles of the Wales Procurement Policy Statement and the new requirements of Wellbeing and Future Generations Act are embedded into all of our contracts.

The Opt out process must be completed prior to the tender process, as the published value of the tender needs to reflect the anticipated spend and requirements reflect the customer commitment to the supplier market.

The NPS works with a Category Forum to identify customer's requirements and agree the optimum route to market. The NPS provides a compliant route to market in line with the Wales Procurement Policy Statement & the aggregated spend should provide the best value option.

Customers can also participate in collaborative mini competitions from the NPS framework to improve the published pricing.

Our standard practices when working with a Category Forum Group is to understand the local market and benchmark pricing prior to tendering. This also helps ensure local companies are aware of the framework opportunity and can respond to the NPS tender, which could help to prevent the suggested scenario from arising in the future.

5. When the framework goes live we would expect to see all documentation relating thereto on Sell2Wales in parallel. This has not been the case in some instances, e.g. the ITC framework, provision of electrical, plumbing and associated materials. Could this be reviewed and remedied?

We apologise for any inconvenience this may have caused. As a result of this feedback the NPS has made amendments to internal procedures. New pipelines provide a one month implementation phase, from award to Go-Live to ensure that all relevant documentation will be available from the commencement of the contract.

- 6. Within the cleaning materials framework, the 'spend analysis tool' provided to carry out an assessment of the prices was inaccurate and could not be used. This was brought to NPS' attention and we were advised that it would be resolved. We are still waiting on this could this and would appreciate an update.**

Thank you for bringing this to our attention. We are aware of the issue that you highlighted and have been working to resolve it.

The issue will be resolved by the end of April when a new desktop tool will be uploaded to sell2wales. I can only apologise for the delay in resolving this which has been due to technical difficulties and the loss of a key member of staff.

We would welcome working with you to consider either conducting a mini competition collaboratively with other public sector organisations to improve the commercial outcome available. The NPS category teams are able to support collaborative mini competitions and are currently assessing the appetite amongst customers for this approach.

- 7. 'Go live' dates are not updated on a regular basis. Could this also be reviewed?**

The NPS Delivery Group review and agree all exceptions to timescales each month and had previously agreed that the published pipelines should only be updated quarterly. However we recognise this can lead to confusion for our customers and our now reverting to amending and re-publishing the pipelines on a monthly basis together with issuing more communications if a particular framework or contract slips.

Please do not hesitate to contact me if you would like any further information.

Yours sincerely,



Sue Moffatt
Director
National Procurement Service