

	The NHS Wales Shared Services Partnership response to the Economy, Infrastructure and Skills Committee's inquiry into public procurement in the foundational economy.
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Introduction

1. The NHS Wales Shared Services Partnership (NWSSP) welcomes the opportunity to respond to the Economy, Infrastructure and Skills Committee's inquiry into public procurement in the foundational economy.
2. NWSSP is an independent organisation, owned and directed by NHS Wales. NWSSP supports NHS Wales through the provision of a comprehensive range of high quality, customer focused support functions and services. Our aim is to support NHS Wales by creating a dedicated shared services organisation with a distinct identity which: shares common operating standards in line with best practice; has sufficient scale to optimise economies of scale and purchasing power and improving quality; and has an excellent customer care ethos and focus on service quality.
3. This submission will address the Terms of Reference of this inquiry in turn.

Terms of Reference

a) What is the current position regarding the proportion of public contracts in Wales that go to Welsh suppliers?

4. NHS Wales Expenditure data in terms of Welsh Suppliers is that in the year to date 19/20, 55.4% of NHS Wales expenditure was with organisations either headquartered or with a base of operations in Wales.

b) To what extent could increasing 'local procurement' by the public sector create stronger local supply chains and build wealth in communities across Wales?

5. Sourcing from local suppliers will assist in building wealth in communities in Wales by ensuring that more of the public sector expenditure remains within local economies; meaning that more local jobs are supported and the skills of the local workforce are retained and improved. This may also extend to the provision of other social value factors such as apprenticeships and the development of businesses throughout the supply chain as a result of public sector procurement standards. Ethical and transparency of employment are also assisted when supply chains are more easily monitored although this is not to say that such practice does not happen locally.

6. There are also significant environmental benefits to be realised by sourcing locally. Quite simply, reduced movement of raw materials and goods will result in reduced shipping and storage costs, carbon emissions and energy usage. In addition, more locally sourced products will aid the biodiversity within Wales as farms will seek to widen the range of crops grown.
7. The UK's exit from the EU may also present opportunities for some well-established sectors in Wales. The food industry in particular may have the ability to increase production to more fully meet the demands of the public sector in Wales, and in addition, there may be an increase to food security and provenance at the same time. If pan public sector, seasonal menus can be established in line with nutritional requirements, then the economy in this area can greatly expand.
8. As certain businesses develop from being awarded robust public sector contracts, supply chains around those particular industries or categories could also benefit and develop, in order to sustain supply. It should be noted however, that the sustainability of over reliance on public sector contracts should be considered, in that a contract may be lost as well as won, so the supply chain associated with such contracts will need to be resilient enough to withstand losing business as well as winning it.

c) What is your view of the Welsh Government's intended approach to increasing the amount of 'local procurement' undertaken by the public sector in Wales (including how 'local procurement' will be defined and monitored; how the principles of sustainable and ethical procurement are being applied; and how the statutory goals set by the Well-Being of Future Generations (Wales) Act are being met)?

9. Further clarification would be required of the intended approach by Welsh Government to increase the amount of 'local procurement', and their final definition of the term, to be able to provide a comprehensive response. Broadly speaking, the ambition to increase Welsh economic activity through 'local procurement' is recognised as a positive aim given a statutory backdrop to support it.
10. NWSSP currently report sustainable procurement progress under the Well-being of Future Generations Act national reporting process. A potential improvement could involve guidance from Welsh Government surrounding standard quantitative metrics that could be used to benchmark sustainable procurement performance. It should be noted that NWSSP are both reviewing their operational sustainable procurement policy and creating a sustainable key performance indicator dashboard, however internal progress in these areas is reliant on interpretation, synthesis, and a degree of balancing of multiple semi-connected Welsh Government policies and directives. There is significant crossover

between the Well-being of Future Generations Act, the Wales Procurement Policy Statement, the (Welsh Government led) Ethical Employment Code of Practice, Welsh Government Community Benefits approach, and the recent ambitions being set out in relation to 'local procurement' and the foundational economy. It could be beneficial to develop, publish and maintain an overarching 'Sustainable Procurement Strategy for Wales' so that connected bodies are clear on exactly what should be included and prioritised in Welsh public sector procurement at any given time.

d) In what ways can local spend and collaborative procurement be increased and sustained while working within the EU procurement framework, whatever arrangements may be in place following Brexit?

11. The Public Contract Regulations 2015 promotes fair, open and transparent competition of business, so to increase local expenditure businesses need to create and maintain competitive advantage to bid and win business from the public sector. The limitations of the public contract regulations means that the method of evaluating supplier bids is set at the point of tender publication and cannot be changed. As such procurement and stakeholder understanding the market and business differentiation, is imperative during the drafting of the evaluation methodology and assessment criteria.
12. Given this operating environment, 'local procurement' can be hindered by a local supply sector that is poorly positioned to compete for public sector opportunities. While there is some scope to favour local suppliers by including sustainability weightings within assessment criteria, which may tend towards local bidders' natural advantages, it is still very difficult to increase and sustain local spend within the bounds of the EU procurement framework. As such efforts should continue to increase the overall suitability and competitiveness of Welsh SMEs so that they are best able to respond to opportunities across all assessment criteria, domestically and further afield. A 'bottom-up' approach, as is being seen through, for example, the Foundational Economy Challenge Fund, is essential in complementing any 'top-down' policy changes, and by improving Welsh economic operators' abilities to access and realise opportunities the nation as a whole may become more prosperous.
13. Collaborative Procurement processes can also be encouraged through greater communication and access to agreements across organisations. The changes to the Sell2Wales website relating to the National Procurement Service contract documentation negatively affected this, requiring procurement staff to search for agreements which they may or may not know exist rather than having that information easily accessible. A solution to this would be to have categorised National agreement information that pan public sector organisations can access easily within the sell2wales website.

14. A barrier to collaborative procurement processes is often the availability of expenditure data for inclusion within procurement processes. NHS Wales operate a Financial Management System, with access to all NHS Wales expenditure placed through this system, whilst there is significant variability in the standard and availability of this data throughout the wider Welsh Public Sector.

e) Can you give examples of similar public procurement initiatives elsewhere in the UK and EU?

15. There are many examples within NHS Wales of procurement exercises taking account of local supply chains and sustainable outcomes, with a few listed below:

- Public Health Wales refit of their Capital Quarter offices using third sector providers;
- NHS Wales contract for Taxi services, which were lotted to geographical boundaries, which are proportionate with the available market;
- NHS Wales contract for Community Equipment items, being procured by NWSSP-Procurement Services on behalf of the wider Welsh Public Sector; and
- Needle Exchange contract, which was run via NWSSP Procurement Services, but awarded via the Welsh Government National Procurement Service due to its ability to award on behalf of 3rd sector providers.

16. Many more case studies will be available from the following organisations, who NHS Wales regularly collaborate with to award contracts:

- Welsh Government National Procurement Service;
- Wales Cooperative Centre; and
- WRAP Cymru.

17. NWSSP would welcome the opportunity to discuss any of the points made in this paper if requested.