

November 2017

Archwilydd Cyffredinol Cymru
Auditor General for Wales

The National Procurement Service



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



I have prepared and published this report in accordance with the
Government of Wales Act 1998.

The Wales Audit Office study team comprised Steve Ashcroft, Nigel Blewitt, Matthew Brushett,
Jeremy Morgan and Seth Newman under the direction of Matthew Mortlock.

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

© Auditor General for Wales 2017

You may re-use this publication (not including logos) free of charge in any format or medium. If you re-use it, your re-use must be accurate and must not be in a misleading context. The material must be acknowledged as Auditor General for Wales copyright and you must give the title of this publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email info@audit.wales. We welcome telephone calls in Welsh and English. You can also write to us in either Welsh or English and we will respond in the language you have used. Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Contents

Summary	6
Recommendations	13
There were weaknesses in the development of the business case for the NPS, including the modelling of staffing requirements and the likely scope and influence of NPS	15
Indicative figures show that public bodies spent £234 million through NPS in 2016-17, of which £222 million was spent by NPS members	20
As of June 2017, the NPS had 57 live frameworks, some of which have been scarcely used despite being live for some time	23
The system for opting out of individual NPS frameworks is not working and NPS members are using other public buying organisations or consortia agreements that provide broadly the same goods, services and works	27
Less than anticipated use of frameworks has had a significant impact on the income of NPS, resulting in it not being self-sufficient and not yet able to repay the Welsh Government's Invest-to-Save loan that supported its establishment	33
NPS has reported wider benefits to the Welsh economy from its procurement and financial savings, but the savings figures are less than anticipated	35
While most public bodies support the NPS in principle, only one third of members were satisfied with the service with concerns over the competitiveness of frameworks, wider benefits realisation, and the ability to meet local and national priorities	40
Some public bodies have been concerned that the NPS is not sufficiently independent from the Welsh Government	45

Appendices

Appendix 1 – Audit methods	48
Appendix 2 – Use of NPS frameworks in 2015-16 and 2016-17	51

Summary

- 1 The Welsh Government established the National Procurement Service (NPS) in November 2013 as a public buying organisation¹. The overriding objective was to 'buy once for Wales' on behalf of the public sector in areas of common and repetitive spend while embedding the Wales Procurement Policy Statement² into all contracts and frameworks. The Welsh Government is the host organisation for the NPS.
- 2 The NPS is one of the three main Wales-based procurement consortia and public buying organisations, the others being NHS Wales Shared Services Partnership (NWSSP) and the Higher Education Purchasing Consortium (HEPCW), Wales. NPS was set up to work with these other main Wales-based procurement consortia and public buying organisations rather than to compete with them. NPS also took on the functions of the Welsh Purchasing Consortium³ which ceased operating in 2016. As of June 2017, NPS employed 44 staff (41 full-time equivalent).
- 3 There are 73 public bodies signed up as NPS members across various sectors (Figure 1). Public bodies throughout Wales were invited to sign up to the National Procurement Service as members for five years. The offer was that the NPS will provide frameworks and contracts for common and repetitive spend goods and services in return for a commitment from public bodies to buy through its frameworks and contracts (Box 1).

- 1 A public buying organisation provides a wide range of frameworks for goods and services that can be used across the public sector and support collaborative procurement. A purchasing consortium is two or more independent organisations that join together, either formally or informally, or through an independent third party, to combine their individual requirements for procuring goods and services.
- 2 The Welsh Government's procurement policy statement sets out the overriding principles for public procurement, in the context of relevant EU and UK procurement legislation. The Welsh Government published the first statement in 2012 and updated it in 2015.
- 3 The Welsh Purchasing Consortium was made up of 16 local authorities in South, Mid and West Wales delivering competitive procurement arrangements, sharing best practice, and the development and adoption of a suite of standard procurement documentation. Each member authority arranged frameworks or contracts on behalf of all 16 local authorities. The operation of the Welsh Purchasing Consortium ended on 31 March 2016.

Box 1 – NPS’s use of frameworks

Frameworks enable public bodies to buy goods and/or services from suppliers with pre-agreed contract terms, prices and levels of service, defined to meet the organisations’ needs. These provide a simple way to purchase the best value and most appropriate products and services, without having to conduct a full EU procurement process. Most frameworks will require public bodies to undertake a mini-competition (call-off) between the suppliers on the framework.

The NPS has also set up dynamic purchasing systems, an electronic tendering process for the selection of suppliers that may join the system over time if they meet the minimum service standards. NPS has also set up call-off contracts for use by members.

- 4 The NPS Board oversees the strategic direction of the NPS (Figure 1). NPS also has a separate Delivery Group that is responsible for providing oversight on operational matters and is accountable to the NPS Board. The Delivery Group and Board, along with other parts of the NPS governance arrangements, include representatives from across the NPS member organisations⁴. The Welsh Government intends to merge the NPS Board with the national Procurement Board to ensure that there is no overlap between the two boards and to allay any potential confusion over roles and responsibilities.

4 NPS has emphasised to us that the level of customer involvement in its governance arrangements and decision-making is different to the approach of other UK public buying organisations.

Figure 1: NPS governance arrangements

NPS governance arrangements	
NPS Board	Oversees NPS’s strategic direction and comprises a range of sector representatives.
Director of NPS	Responsible for NPS staff and operations, accountable to the NPS Board. Also performs the role of Commercial Director for the Welsh Government.
NPS Delivery Group	<p>Provides oversight on operational matters – including approval of the NPS work programme and specific procurement strategies – and is accountable to the NPS Board.</p> <p>The group is comprised of and chaired by sector representatives. Sector representation includes five representatives from local government and one from other sectors.</p> <p>The Chair of the Delivery Group sits on the NPS Board.</p>
NPS Category Forums	<p>Responsible for developing procurement strategies for categories of goods and services – including consultation with member organisations – in advance of Delivery Group approval.</p> <p>Membership is drawn from customers’ procurement and technical staff.</p>
Welsh Government	Host organisation which provides NPS with the required facilities and support services.
NPS member organisations	The 73 members are: all 22 local authorities, all 10 NHS Wales bodies, the National Assembly for Wales Commission, the Welsh Government and Welsh Government Sponsored Bodies, the police and fire and rescue services and higher and further education institutions.
Other NPS customers (non-member organisations)	<p>Any other public body or third sector organisation which wishes to use NPS frameworks and contracts but without commitment.</p> <p>Non-member organisations buying through NPS have comprised a range of devolved public bodies, including the Wales Audit Office. They have also included some registered social landlords, other third-sector organisations and some non-devolved government agencies.</p>

Source: National Procurement Service

- 5 On behalf of the Auditor General for Wales, Wales Audit Office staff have examined whether the NPS is helping to deliver value for money in public spending and is fit for the future. Our examination of the NPS was part of a wider review of public procurement. During the early stages of that wider review, some public bodies expressed particular concerns about the development and performance of the NPS. We have reported the findings from that wider review in a separate stand-alone report⁵. This report considers the issues relating to the NPS in more detail. **Appendix 1** provides further detail about our audit methods.
- 6 **Indicative figures show that public bodies in Wales spent £234 million through NPS frameworks and contracts in 2016-17, £222 million of which related to members organisations. However, public bodies are not using NPS frameworks as much as anticipated, resulting in concerns over its funding, less than anticipated savings – £14.8 million reported for 2016-17 – and with many of its members dissatisfied.** The following paragraphs provide a brief overview of our key findings.
- 7 There were weaknesses in the development of the business case for the NPS, which did not comply fully with the Welsh Government's usual procedures. There were also significant weaknesses in its content, including the modelling of staffing requirements and the likely scope and influence of the NPS. The NPS has since revisited some of the business case assumptions.
- 8 Based on a 2010-11 spend analysis, the original business case estimated that the NPS could influence £522 million of public procurement spend on specific common and repetitive goods, services and works. The business case assumed that the NPS would grow rapidly and that the spend target would be reached when all the frameworks and contracts were live by 1 April 2016. In its May 2015 business plan for the period April 2015 to March 2019, the NPS put this figure at £2.2 billion of annual expenditure from 1 April 2016. Some public bodies have voiced concern that the higher targeted spend is simply an attempt by the NPS to increase income. However, NPS has emphasised that the NPS Delivery Group agreed the actions taken following consideration by the Category Forums.

5 Auditor General for Wales, **Public Procurement in Wales**, October 2017.

- 9 NPS members spent £149 million through NPS managed contracts and frameworks in 2015-16, against an estimated maximum potential spend of £1.1 billion (based on the 2015 business plan). Non-members spent £4 million through NPS in 2015-16, making total expenditure of £153 million. Indicative figures for 2016-17 show a 53% increase in expenditure through NPS frameworks and contracts to £234 million, £222 million of which related to member organisations⁶. However, the member organisation spend represented only 10% of the £2.2 billion targeted in the 2015 business plan. The higher total spend through NPS in 2016-17 is due in large part to a new IT products and services framework (£37 million). The figures also show a £28 million increase in expenditure on a gas and electricity framework that is based on a Crown Commercial Services framework but managed by NPS.
- 10 As of June 2017, the NPS had 57 live frameworks. We found a wide variance in the use of individual frameworks by individual NPS members during 2015-16 and 2016-17 (Appendix 2). This pattern suggests that the NPS is a considerable distance away from its main objective of 'buying once for Wales'. In 2016-17, four frameworks accounted for just under three-quarters of the total spend through NPS. Some frameworks had been scarcely used despite being live for some time. We also found that the system for opting out of NPS frameworks is not working and NPS members are using other public buying organisation or consortia agreements that provide broadly the same goods, services and works. NPS has itself recently identified £60 million in spend by NPS members through Crown Commercial Service⁷ frameworks which could potentially be provided for by NPS frameworks instead.
- 11 Less than anticipated use of frameworks has had a significant impact on the income of NPS, resulting in it not being self-sufficient and dependent on Welsh Government financial support. As a result, the NPS has not yet been able to repay the Welsh Government's £5.92 million Invest-to-Save loan that supported its establishment. The NPS intended to begin repayments through surpluses that it expected to accumulate from 1 April 2016 by charging a mandatory supplier rebate of 0.45%. In 2016-17, the NPS generated income of only £0.9 million, compared with operating costs of £2.8 million.

6 Some frameworks for 2015-16 and 2016-17 showed no spend. NPS has not been able to determine whether this is because it has not received management information from suppliers or whether these frameworks have not been used. NPS is working to resolve this. Indicative figures for the period 1 April to 31 August 2017 show spend through NPS frameworks of at least £79 million. This represents a 60% increase on the same period in 2016-17.

7 The Crown Commercial Service (CCS) is an executive agency, sponsored by the Cabinet Office which brings together policy, advice and direct buying; providing commercial services to the public sector across the UK. CCS frameworks were used by public sector organisations for £12.8 billion of public spending in 2015-16. In 2015-16, CCS also directly bought £2.5 billion of common goods and services on behalf of government departments.

- 12 The Welsh Government has used its reserves to meet the shortfall in funding, a situation which will continue annually until at least the end of 2017-18⁸. The NPS Board and the Welsh Government have recognised the funding of the NPS is a problem. There has been a concern that increasing the supplier rebate may deter suppliers from bidding for contracts, although the 0.45% rate is lower than the rebate applied by some other public buying organisations. The NPS Board has now agreed an increased rebate of up to 1.5% where appropriate. The majority of frameworks remain at 0.45% because the decision to permit a higher rebate was made after most of the existing frameworks were let. For NPS to have broken even in 2016-17 would have required a rebate of around 1.2% applied to the total spend or for there to have been around £622 million of expenditure subject to the 0.45% rebate.
- 13 NPS has reported financial savings for public bodies in excess of its operating costs alongside wider benefits, for example to the Welsh economy, from its activity. As at August 2017, NPS has reported savings of £14.8 million for 2016-17, including a combination of cash releasing savings, process efficiencies and cost avoidance. The savings figures have been substantially lower than some early estimates and the savings figures are disputed by some members⁹. The business case for the establishment of NPS had estimated that NPS would be generating savings of £25 million a year from 1 April 2016¹⁰. However, that estimate was based on a forecast level spend through NPS – of up to £522 million – that was well in excess of that actually achieved.
- 14 While most public bodies we surveyed in 2016 still support the NPS in principle, only one third of members were satisfied with the service. The issues of concern raised with us by members included the competitiveness of the frameworks, wider benefits realisation and the ability to meet local and national priorities, including in respect of the Welsh language and sustainable development.

8 With evidence of a further increase in expenditure through NPS frameworks during the first half of 2017-18, and with more frameworks now subject to a rebate, NPS is expecting to generate a minimum of £1 million of income in 2017-18. Early indications are that this will be exceeded, based upon £0.5 million of income identified in the first quarter of 2017-18.

9 At the request of the Director of NPS, the Welsh Government's internal audit service has undertaken two audits of the arrangements for reporting savings and has identified some areas for improvement in the measurement and reporting of the savings figures. NPS is responding to these issues.

10 The business case estimated that £9 million (36%) of the £25 million of savings would be cash releasing.

- 15 In addition, some public bodies are concerned that the NPS is not sufficiently independent from the Welsh Government. One of the main concerns is that the balance of the NPS's focus is towards national issues rather than local priorities and that the Welsh Government has a disproportionate influence over the NPS. In September 2017, the Cabinet Secretary for Finance and Local Government set out that the Welsh Government intends to reposition the role of the NPS and of Value Wales¹¹ to maximise the benefits of public procurement. As noted in [paragraph 4](#), the Welsh Government also intends to merge the NPS Board and the national Procurement Board.
- 16 In December 2016, the National Audit Office reported on the operations of the Crown Commercial Service and drew conclusions that broadly reflect some of the issues relevant to the development of the NPS ([Appendix 1](#)). The report concluded that it is not possible to show that the Crown Commercial Service has achieved more than departments would otherwise have achieved by buying common goods, services and works themselves.

¹¹ Value Wales is the division within the Welsh Government with responsibility for improving the practice of public procurement and to help Welsh public sector organisations deliver better value from third party expenditure. Value Wales also oversees the Welsh Government's procurement activity and supports Welsh public sector organisations.

Recommendations

- 17 The Auditor General's October 2017 report on [Public Procurement in Wales](#) recommended that in taking forward its plans to merge the national Procurement Board with the NPS Board, the Welsh Government should set out clearly on its website the accountability and governance structure for public procurement in Wales. In addressing that recommendation, we would expect the Welsh Government to include details about the role, responsibility and governance arrangements for NPS.

Recommendations

- R1 While there is a general acceptance among public bodies of the principle for a national procurement service, in order to be a success the NPS must be the framework of choice. Many NPS members are dissatisfied and the less than anticipated use of NPS frameworks has resulted in concerns over its funding. **We recommend that NPS:**
- a **identify in full the reasons why its members are choosing to use local arrangements or other public buying organisations or consortia to purchase common and repetitive goods and services provided through NPS frameworks;**
 - b **develop an action plan for working with public bodies to articulate the benefits of using NPS to buy common and repetitive goods and services and to encourage them to use it;**
 - c **examine whether frameworks and contracts can give more commitment to volumes and measure the appetite among members to develop joint specifications;**
 - d **explore the possibilities of more regional frameworks to increase opportunities for small and medium-sized enterprises; and**
 - e **survey its members and non-members on an annual basis to obtain views on the service it provides.**
- R2 Although NPS has a system for NPS members to apply to opt-out of using NPS frameworks and contracts, it is not working. Instead of going through the formal opt-out process, some public bodies are simply not using NPS frameworks and contracts. Although the NPS Board admitted that the process was not working, the Board agreed that the opt-out process would remain in place. **We recommend that in consultation with its members, NPS review the opt-out process and make changes to ensure that it is clearly understood, meaningful and applied consistently.**

Recommendations

- R3 The NPS's mandatory supplier rebate was designed to cover NPS operating costs from 1 April 2016 but for 2016-17 generated income of only £0.9 million against NPS expenditure of £2.8 million. While the income generated looks set to increase substantially in 2017-18, it is still not expected to cover the operating costs. **We recommend that the Welsh Government, the NPS and member organisations agree a sustainable funding mechanism that will place NPS on a sound financial footing.**
- R4 NPS's annual report provides details on key achievements during the year such as number of frameworks awarded, total cash savings, and creation of jobs. It also provides details on the potential value of the frameworks. But this could lead to a potential misunderstanding because it is not the actual spend during the year through NPS frameworks, which is key to the amount of income it generates through the mandatory supplier rebate and a key indicator of the use of NPS frameworks. **We recommend that in future annual reports, the NPS include in the key achievements section a summary of actual spend through its frameworks.**
- R5 NPS members, especially local authorities, shared concerns that NPS frameworks were limiting opportunities to support their local economy through contracting with small and medium-sized enterprises. Although NPS reports on the number of small and medium-sized enterprises on its frameworks, **we recommend that NPS make members more aware of the provisions it is making through its various reporting channels.**

There were weaknesses in the development of the business case for the NPS, including the modelling of staffing requirements and the likely scope and influence of NPS

- 1.1 The Welsh Government developed a business case for a national procurement service in 2012. The overriding objective was to 'buy once for Wales' on behalf of the public sector in areas of common and repetitive spend while embedding the Wales Procurement Policy Statement into all frameworks and contracts.
- 1.2 The business case sets out the case for change and a preferred way forward. However, the content of the business case and the process for its development did not comply fully with Welsh Government's adopted best practice of using the 'Five Case Model' (Box 2).

Box 2 – the Five Case Model

The Five Case Model provides the framework and tools to enable effective decision making when scoping and planning spending proposals in a robust and thorough manner and can be used at the strategy level, the programme level and individual project level. It requires consideration of five areas:

- the strategic case – strategic fit and clear investment objectives;
- the economic case – optimising value for money;
- the commercial case – attractiveness to the market and procurement arrangements;
- the financial case – affordability; and
- the management case – deliverability and plans for delivery.

Large, complex proposals at the project level are developed in three iterations through:

- the **Strategic Outline Case** (SOC) – which makes the case for change and refines the long list of options into a shortlist;
- the **Outline Business Case** (OBC) – building on the SOC to confirm the solution which offers optimal value for money; and
- the **Full Business Case** (FBC) – building on the OBC, putting in place delivery plans and providing the final detailed costing of the scheme.

Source: Welsh Government

- 1.3 The Welsh Government did not set out within the business case all five cases and only included the financial and strategic case. Also, the Welsh Government only prepared one iteration of the business case. It is not clear whether the business case produced was intended as an outline business case or a full business case.
- 1.4 A Welsh Government Internal Audit Service report in March 2015 found that officials involved in the preparation of the business case stated that it did not go through the standard Five Case Model because it was a business case for the entire public sector and not just the Welsh Government. However, guidance produced by the Welsh Government and HM Treasury clearly recommends that all public bodies use the Five Case Model.
- 1.5 Although the business case sets out the main objectives for a national procurement service, there were significant weaknesses in its content. These weaknesses underpin some of the difficulties that have since been faced by NPS, as outlined later in this report. In particular, we found that:
- the business case did not reflect on the experience of other public buying organisations, for example to inform the choice of operating model and to reflect on the time that might be needed to establish new frameworks.
 - some of the stated objectives in the business case were outside the scope and responsibility of the NPS, and were the responsibility of the Welsh Government and individual public bodies, such as 'ensuring the continuous development of public sector procurement skills'.
 - in determining the scope of the NPS, the case for change was based on data relating to only 0.4% of spend identified as in scope for a national procurement service (Box 3).
 - the business case did not include provision for some key overheads, such as positions required for management information, business intelligence and finance and invoicing. As a result, the NPS's Head of Finance had been dealing with all finance issues including general administration and processing invoices. NPS no longer has its own Head of Finance, with core finance functions now delivered by the staff in Welsh Government's Economy, Skills and Natural Resources Group. NPS addressed the gap in business intelligence once in operation.
 - modelling for the staffing required to fulfil the stated objectives of the NPS was not based on industry good practice.
 - although the business case sets out options for how NPS would be funded, it did not set out a clear justification for the preferred delivery model.

Box 3 – the lack of baseline data available to determine the scope of the NPS

In developing the business case to support the establishment of the NPS, the Welsh Government set up a 'common and repetitive workstream' to identify the potential scope of the service, including the categories of expenditure that would be addressed by a NPS; and to provide examples of price and specification variation.

The purpose of the price and specification variation exercise was to identify where opportunities for securing greater value for money may exist, thus supporting the case for change. The process identified 63 sub-categories of goods, services and works deemed appropriate to consider within the scope of a national procurement service. Of these, consultants selected 22 for a pricing and specification review.

However, the consultants reported very poor data availability and that the exercise was 'incredibly difficult to complete' because only four of the 22 categories had data reliable enough for reasonable comparison. This meant that the samples used represented only 0.4% of spend identified as in scope for a national procurement service.

Source: Wales Audit Office analysis of the NPS business case (2012)

- 1.6 The scope of the NPS is goods, services and works known as ‘common and repetitive spend’ (Box 4). These are generally goods, services and works that are not complex to purchase or necessarily high value, such as stationery, office furniture, travel and IT hardware and software. They are also goods, services and works for which price is often more important than differences in quality and the public sector uses its size to negotiate better deals through buying in bulk.

Box 4 – criteria for goods, services and works being common and repetitive spend

The business case for the NPS indicated that at least four of the following criteria must be met for spend to be determined common and repetitive:

- Procured multiple times within any given period.
- Multiple sites, users or purchasers or common to at least two buying organisations.
- Potential for a developing a common or similar specification, standardisation or value engineering.
- Suitable for rationalisation, consolidation and volume leverage.
- Multiple sources of supply, duplication or repetition within the user community.
- Has been procured historically and will have future purchasing requirements.

Source: NPS business case (2012)

- 1.7 Based on a 2010-11 spend analysis for 35 public bodies, the business case identified that the annual value of the various goods, services and works within the scope of the NPS was £967 million¹². However, the business case estimated that NPS would only be able to influence £522 million of this spend, which amounted to around 13% of the overall public procurement spend quantified at that time. The business case assumed that the NPS would grow rapidly and that the spend target would be reached when all the frameworks and contracts were live by 1 April 2016.

¹² This amounted to less than half of the full value of common and repetitive spend identified but reflected decisions taken at the time about the focus of NPS activity.

- 1.8 Although the criteria (**Box 3**) remain the same the NPS has since increased its estimate of what is covered by common and repetitive spend. In January 2014, the NPS Board agreed that, following analysis of 2012-13 spend data, the NPS could target up to £1.8 billion of common and repetitive spend through its agreements and frameworks when fully operational from 1 April 2016.
- 1.9 In May 2015, the NPS published its first business plan for the period April 2015 to March 2019. The business plan re-stated elements of the business case, taking account of a changing landscape for public procurement, budget cuts and emphasising the importance of maximising value for money. The business planning process included a further re-evaluation of the amount of common and repetitive spend that could be influenced by the NPS. The re-evaluation, agreed by the NPS Delivery Group, suggested that the value of common and repetitive spend in Wales was in the region of £2.2 billion, almost half of the total procurement spend quantified at the time. The NPS targeted a maximum annual spend of up to £1.1 billion through its agreements and frameworks for 2015-16, rising to £2.2 billion when fully operational from 1 April 2016.
- 1.10 Some public bodies have voiced concern that the higher targeted spend was simply an attempt by the NPS to increase its income (**paragraphs 1.36-1.41**). However, NPS has emphasised that the NPS Delivery Group agreed the actions taken following consideration by the Category Forums. Issues discussed and decisions made by the Delivery Group are communicated with NPS customers on a monthly basis. Our review of Delivery Group minutes suggests that there is generally good engagement from across the organisations represented.

Indicative figures show that public bodies spent £234 million through NPS in 2016-17, of which £222 million was spent by NPS members

1.11 Expenditure through NPS managed frameworks and contracts has been increasing over the past three years (Figure 2), but remains well short of previous estimates. NPS member organisations spent £149 million through NPS managed frameworks and contracts in 2015-16 against the estimated maximum potential spend of £1.1 billion (paragraph 1.9)¹³. Non-member organisations spent a further £4 million through NPS in 2015-16, making total expenditure of £153 million and up from £102 million in 2014-15. However, some frameworks for 2015-16 and 2016-17 showed no spend. NPS has not been able to determine whether this is because it has not received management information from suppliers or whether these frameworks have not been used. NPS is working to resolve this.

¹³ The 2015-16 spend included a £10 million eTrading Wales contract procured through NPS for the Welsh Government. eTrading Wales is a centrally funded service available to all NPS members, which enables buyers and suppliers to interact electronically for the supply and payment of goods and services.

Figure 2: expenditure through NPS frameworks and contracts, 2014-15 to 2016-17

Sector	2014-15 (£s millions)	2015-16 (£s millions)	2016-17 (£s millions)
Member organisations			
Local authorities	75	115	173
Central government and sponsored bodies ¹	12	21	20
NHS Wales	10	5	15
Further education	2	2	2
Police	1	3	5
Fire and rescue	0.3	1.5	3
Higher education	2	1.5	4
NPS members	102	149	222
Non members²	0	4	11
Total	102	153	234³

Notes:

- 1 Welsh Government expenditure represents the majority of spend by central government and sponsored bodies. For example, the Welsh Government accounted for £15.1 million (76%) of the total spend for this sector in 2016-17.
- 2 The figures for non-member expenditure include the Wales Audit Office: £107,049 (2015-16) and £262,198 (2016-17).
- 3 Rounding of the figures means that the overall total of £234 million for 2016-17 is different to that suggested by the individual figures shown above for member and non-member organisations.

Source: NPS

- 1.12 Indicative figures for 2016-17 show a 53% increase in expenditure through NPS frameworks and contracts to £234 million, £222 million of which related to member organisations. Nevertheless, the £222 million expenditure by members in 2016-17 represents only 10% of the £2.2 billion targeted in the 2015 business plan. Although key to its success and the generation of income to cover its operating costs ([paragraphs 1.36-1.41](#)), the NPS has not been reporting figures on the overall expenditure through its frameworks and contracts in its annual reports.
- 1.13 Local authorities accounted for around three-quarters of all expenditure through NPS in the period 2014-15 to 2016-17. In part, the growth in local government expenditure over this period reflects the fact that the NPS inherited and/or replaced certain frameworks from the now defunct Welsh Purchasing Consortium ([paragraph 2](#)).
- 1.14 As reflected in our recent report on **Public Procurement in Wales**, public bodies have also been using a range of other general or sector-specific consortia and public buying organisations to varying degrees. For example, our report noted expenditure of £634 million by NHS bodies through collaborative frameworks and agreements managed through the NHS Wales Shared Services Partnership in 2015-16. This compares with just £5 million of expenditure by NHS bodies through NPS in the same period.
- 1.15 In 2016-17, new frameworks accounted for £11 million of the increase in expenditure through NPS compared with 2015-16. In addition, not all of the frameworks that contributed to the 2015-16 expenditure had been in place for the full year ([Appendix 2](#)).
- 1.16 Indicative figures for the period 1 April to 31 August 2017 show spend through NPS frameworks of at least £79 million. This represents a 60% increase on the same period in 2016-17.

As of June 2017, the NPS had 57 live frameworks, some of which have been scarcely used despite being live for some time

- 1.17 In June 2017, the NPS had 57 live frameworks under seven categories of spend¹⁴. Since its establishment in November 2013, the NPS has 'on boarded' some frameworks from other public buying organisations, purchasing consortia or public bodies such as the Welsh Purchasing Consortium ([paragraph 2](#)). NPS renegotiated the terms and coverage of some of these agreements. As these inherited frameworks expired, NPS has replaced the majority with new frameworks.
- 1.18 The NPS has also facilitated call-off contracts for use by public bodies in Wales from existing Crown Commercial Service frameworks. For example, the NPS used existing Crown Commercial Service frameworks to agree frameworks on NPS terms for the provision of gas and electricity ([Box 5](#)). Combined, the gas and electricity supply frameworks accounted for £68 million (29%) of all expenditure through NPS frameworks in 2016-17 and £39.9 million (26%) in 2015-16. The gas and electricity framework accounted for more than 50% of the increase in spend through NPS frameworks from 2014-15 to 2016-17 ([Figure 2](#)).

Box 5 – NPS arrangements for gas and electricity frameworks

This framework was based on an existing Crown Commercial Services agreement but has not been used by NHS bodies who procure energy through NHS Wales Shared Services Partnership. The agreement is managed by NPS on behalf of public bodies having transferred from Rhondda Cynon Taf County Borough Council in October 2015. The coverage of the agreement has since expanded.

Two full-time NPS staff who transferred from the Council manage the customer base and put in place the contracts on an all-Wales basis. The contract includes a rebate from the suppliers that fully funds the two staff managing the contracts.

Source: NPS

¹⁴ The seven categories are: ICT; professional services; corporate and business support services; construction and facilities management; people services and utilities; food and drink; and fleet and transport. The 57 frameworks include four that have been established since the end of the 2016-17 financial year.

1.19 Along with the gas and electricity frameworks, three other frameworks – relating to agency workers, IT products and services and liquid fuels – accounted for just under three-quarters (£174 million) of the total spend through NPS in 2016-17 (Figure 3 and Appendix 2). Agency workers had also accounted for £46.4 million (30%) of the spend through NPS in 2015-16. That expenditure included £35.3 million on a framework contract that NPS had inherited from the Welsh Purchasing Consortium. NPS had renegotiated the terms of the agreement and extended its coverage across more public bodies. The IT products and services framework was only introduced in early 2016.

Figure 3: the highest value NPS frameworks based on spend by members and non-members in 2016-17¹⁵

Framework	Overall spend 2016-17 (£ millions)
Gas and Electricity ¹	68.33
NPS Managed Service For Agency Workers	50.02
IT Products and Services	37.44
Supply of Liquid Fuels	17.75
Electrical Heating Plumbing and Associated Materials	5.68
All Wales Media Agency Services Framework Agreement	5.10
General Building Materials	4.69
Construction Consultancy Phase 2	4.38
Printer Consumables III	3.32
Construction Consultancy (Property)	3.26
Vehicle Hire	2.93
Provision of Furniture Solutions	2.61
Managed Service for Employee Benefit Schemes	2.50
NPS All Wales Legal Services By Solicitors Framework Agreement	2.38

¹⁵ Appendix 2 provides full details of all spend through NPS frameworks in 2016-17 along with some information relating to 2015-16.

Framework	Overall spend 2016-17 (£ millions)
NPS Rock Salt	2.17
All Wales Printing Services Framework	2.05
Resource Efficiency Wales ²	2.00
Fuel Cards	1.96
Facilities Management Phase 1	1.81
Social Care - Assistive Technology	1.74
Tyres and Associated Services	1.72
Welsh Purchasing Consortium Managed Service For Agency Workers	1.25
Supply of Stationery and Paper	1.16

Notes:

- 1 Gas and electricity are two separate frameworks but the data presented by NPS is combined.
- 2 The 'Resource Efficiency Wales' framework covers services relating to energy efficiency advice and environmental consultancy.

Source: NPS

- 1.20 We found a wide variance in the use of individual frameworks by individual NPS members during 2015-16 and 2016-17 ([Appendix 2](#)). This pattern suggests that the NPS is a considerable distance away from its main objective of 'buying once for Wales', although in some cases demand may vary because public bodies have their own in-house services. The most commonly used framework during 2016-17 was 'Printer Consumables III', which 82% of NPS members used at least once. This framework has now expired and has been replaced by a wider-ranging Multi-Functional Device framework which started in January 2017.
- 1.21 In contrast, members used some frameworks very little or for only very low cost purchases. For example, nine frameworks were used by less than a third of NPS members in 2016-17. However, five of these frameworks were among 12 that were only set up during 2016-17 and it can take time after existing agreements end for new frameworks to gain throughput. Some frameworks, such as the Wales Translation framework, the Resource Efficiency Wales framework and the All Wales Media Agency Services Framework Agreement, have been in place for a number of years but were used by less than half of NPS members in 2016-17.
- 1.22 The Welsh Government accounted for £0.3 million (58%) of the total expenditure by NPS members and non-members through the Wales Translation framework in 2016-17. NPS staff told us that they had expected that the majority of spend would sit with the Welsh Government, while other organisations might have been able to meet their needs through in-house support. In the case of the National Assembly for Wales Commission, the framework did not provide for the very specific service levels required ([Case study 2 on page 29](#)).
- 1.23 In the case of the Resource Efficiency Wales framework, the £1.9 million spent by the Welsh Government in 2016-17 accounted for 95% of the total member and non-member spend. This was due in part to a Welsh Government decision to part or fully fund wider advice for public bodies as part of the Resource Efficient Wales programme¹⁶, rather than individual organisations procuring their own advice. The Welsh Government also accounted for £1.8 million (over 99%) of the total spend on the Facilities Management Services Phase 1 framework, which was used by only one other organisation in 2016-17. There were two other frameworks that were live for the whole of 2016-17 and with the Welsh Government accounting for over 50% of member and non-member spend. These were: Business Travel and Accommodation, £405,289 (54%); and Media Agency Services, £3.94 million (77%)¹⁷.

16 Following a mini-competition on the NPS framework, the Resource Efficient Wales programme used a number of suppliers to provide energy efficiency advice and environmental consultancy. The programme accounted for £0.75 million of the £1.9 million Welsh Government spend on the Resource Efficiency Wales framework and engaged with a wide range of public bodies, other groups and third sector organisations.

17 Similarly, different individual local authorities accounted for 62%, 52% and 80% respectively of the spend on the Cleaning and Janitorial Services framework, the Electrical Heating Plumbing and Associated Materials framework and the Library Management Systems framework.

- 1.24 Eight frameworks were not used at all in 2016-17, four of which were established before the start of the year and with the other four established during the year¹⁸. The eight un-used frameworks included Biomass Fuels. That framework, which was put in place based on a customer request, will not be renewed when it expires in 2019. NPS has recently agreed that it will not set-up any new frameworks valuing less than £1 million per year. It will also only set up new frameworks valued at less than £5 million if there is clear demand across multiple public bodies.
- 1.25 Since March 2016, NPS has produced 'Heat Map Reports' to consider the use of NPS frameworks during a given period. The initial focus had been to map the local government sector. Additional reports break down the total spend and savings for each organisation and each local authority receives its own organisational report with a breakdown by framework. However, as a visual aid, the heat maps by themselves could have caused a potential misunderstanding because they did not take into account the frequency and amount of spend. We raised this issue with NPS in April 2017. NPS has since introduced an updated approach that shows how individual frameworks contribute to the total spend through NPS and how specific organisations or sectors contribute to the spend on the frameworks.

The system for opting out of individual NPS frameworks is not working and NPS members are using other public buying organisations or consortia agreements that provide broadly the same goods, services and works

- 1.26 At the point when individual members committed to using the NPS, the NPS gave each organisation the opportunity to opt out of specific procurement categories. If the organisation did not opt out at that stage then NPS took this as a commitment to using any existing and future NPS frameworks and contracts. Caerphilly County Borough Council decided to opt out of 40% of frameworks when the NPS was set-up, opting-in only when the agreement offered favourable terms or value for money above other options. Nevertheless, the Council spent around £13 million through NPS frameworks in 2016-17, the fifth highest of all member organisations.
- 1.27 If a member organisation decides subsequently to opt-out of an NPS framework or agreement they are expected to apply to do so through a formal 'opt out' process. The process involves submitting a business case to the NPS Board, which then approves or rejects the opt-out. To June 2017, the NPS Board had received 19 requests for opting out of framework agreements, only one of which was formally accepted. However, it is clear that the formal opt-out process is ineffective ([Case study 1](#)).

¹⁸ As noted in paragraph 1.11, NPS has not been able to determine whether this is because it has not received management information from suppliers or whether these frameworks have not been used.

Case study 1 – opting out of NPS framework contracts

In early 2016, Swansea Council went through the formal opt-out process for NPS's insurance framework with a view to being a named party in the agreement but with the option to opt-in when it saw fit. Although the NPS Board refused the opt-out application, the Council still opted out of using the framework for the following reasons:

- the Council was of the opinion that, for the majority of types of insurance, it would be impossible to procure a single policy covering multiple public bodies because it would not be possible for the NPS to agree terms for insurance on an all-Wales basis;
- it would not reduce bureaucracy as stated by NPS because mini-competitions would still need to be conducted by each individual public body as and when their requirements arise; and
- by retaining individual responsibility for procuring insurance services, each buying organisation ensures that it remains optimally responsive to market changes.

NPS considered the issues raised by the Council and noted that the Insurance Category Forum, which developed the procurement model, had discounted the possibility of an all Wales policy at an early stage. NPS reinforced its view that the framework would deliver reduced costs and bureaucracy. NPS also noted that the Insurance Category Forum had identified possible inward investment opportunities for Wales in this sector through a collaborative all-Wales contract. The Council was of the opinion that this should not be a driver towards an all-Wales agreement and that it would make little difference given that the insurance market in the UK is mature and would be well aware of the local government market in Wales. The Council retained its stance of being a named party on the framework but only opting-in when it saw fit.

In September 2014, the NPS Board rejected Cardiff Council's opt-out case for building materials. Despite this, Cardiff Council proceeded to issue their own tender for building materials. NPS wrote to the Chief Executive of Cardiff Council to inform them of a 'breach of governance'. However, NPS was not able to force the Council to use the NPS contract.

Source: Wales Audit Office survey of NPS members

- 1.28 Although the NPS Board has formally accepted only one opt-out case, it is clear that some organisations are not using the formal process and are unofficially opting out by simply not using frameworks. We also found evidence of a local authority setting up a framework in partnership with a private sector third-party for the supply of materials and merchant services for energy efficiency works. The framework overlaps with aspects of two existing NPS frameworks and is available to other local authorities and housing associations in Wales.
- 1.29 There have been other occasions when public bodies have not used NPS frameworks as they did not provide for their specific requirements. In these examples, while the issues were discussed between NPS and the bodies concerned, they did not go through the formal opt-out process ([Case studies 2 and 3](#)).

Case study 2 – translation service for the National Assembly for Wales Commission

The National Assembly for Wales Commission was unable to purchase the translation service it required through the NPS Wales Translation framework. The Assembly Commission requires a bespoke service and must have a translation of the Record of Proceedings within 48 hours of Assembly business. To achieve this service level, the National Assembly for Wales has to be able to directly award the work. The NPS framework allows suppliers the option of turning down work or bidding for it via mini competitions, neither of which would work for the Assembly Commission.

NPS staff indicated that they were content with the Commission's decision to opt-out, recognising that their requirements differed from the services required by other public bodies in Wales. The Assembly Commission did not therefore go through the formal opt-out process ([paragraph 1.27](#)).

Case study 3 – furniture contract for Public Health Wales NHS Trust

In 2012, Public Health Wales reviewed its accommodation needs in South East Wales. In May 2015, after short-listing four possibilities, Public Health Wales favoured a building in Cardiff's Capital Quarter. The brief for furnishing the building emphasised the need for environmental and social sustainability, but at a significantly reduced price than the market-rate for providing furnishings for a new building. Public Health Wales developed a specification based on the use of recycled and refurbished furniture and carpet. Public Health Wales also thought this was an opportunity to demonstrate its compliance with the Well-being of Future Generations (Wales) Act 2015. Public Health Wales would award more points during the tender process if suppliers used second-hand, reused and/or refurbished furniture.

Public Health Wales approached NWSSP about their frameworks, but were told that none were suitable. However, NPS told NWSSP that Public Health Wales should look to use an NPS framework. Public Health Wales looked at the NPS frameworks but were unable to find a supplier capable of delivering the design and sustainability criteria of the specification. After taking legal advice from NWSSP, Public Health Wales embarked on a full Official Journal of European Union procurement process supported by NWSSP.

Public Health Wales awarded the contract to a consortium of three small and medium-sized enterprises who demonstrated the most sustainable approach to the whole project. All the furniture in the new office has been recycled, either from Public Health Wales or from elsewhere, including items intended for landfill that have been cleaned and recovered for use in the building. The carpets were provided by a social enterprise that trains and up-skills the long term unemployed as carpet fitters and also helps low income families to obtain carpet tiles for their homes. This community interest company has provided recycled carpet tiles using their newly trained staff, some of whom are reported to have found permanent jobs as a direct result of this project.

In May 2017, this project was recognised in four categories of the UK NHS Sustainability Awards, winning the procurement category.

- 1.30 The feedback we received from NPS member organisations suggested that they would like a more flexible opt-out option to be available once they know the results of awarding framework agreements. In September 2015, the NPS Board discussed the opt-out process. Despite admitting that the process was not working, the Board agreed that the opt-out process would remain in place.
- 1.31 In a February 2013 report¹⁹, the National Audit Office noted that when the Crown Commercial Service was set-up there was ‘a mandate for [central government] departments to comply with the centralised approach, but this is not enforced in practice, with no sanctions for non-compliance’. This broadly reflects the situation with NPS, although there was a general expectation that public bodies would use the NPS rather than a mandated approach. The National Audit Office also said that ‘either the Cabinet Office will need to create more potent levers, or it will have to win ‘hearts and minds’, and demonstrate that it has the capability and capacity to deliver a high-quality central procurement function’.
- 1.32 We asked NPS members whether they had opted-out of procuring any goods, services or works covered by NPS frameworks by instead acting through other collaborative arrangements, excluding HEPCW or NWSSP²⁰. We found that 23 of the 66 bodies that answered the question indicated that they had done so. **Box 6** sets out some of the reasons for not procuring the goods, services or works available through the NPS.

¹⁹ National Audit Office, **Improving government procurement**, February 2013.

²⁰ NPS was set up to work alongside rather than compete with HEPCW and NWSSP (paragraph 2).

Box 6 – quotes on deciding not to procure goods and service through the NPS

- ‘Because the FE sector in the UK have a long standing consortium with Crescent Procurement Consortium²¹ that we have been party to establish frameworks with. In some instances Crown Commercial contracts have also been ‘more fit for purpose’
- ‘Already using CPC [Crescent Procurement Consortium] which suits our size and purposes’
- ‘Other organisations have been able to offer more appropriate frameworks and timely. There are also a number of plans locally on hand’
- ‘Covered by other frameworks, ie CCS, Carmarthenshire Construction Framework, ESPO²²’
- ‘The frameworks delivered did not deliver value for money, or the suppliers on the frameworks did not have sufficient geographical coverage, ie lack of North Wales suppliers to meet service demands’
- ‘greater flexibility within [other] frameworks’

Source: Wales Audit Office survey of NPS members

- 1.33 NPS data shows that in 2016-17, NPS members spent £150 million through the Crown Commercial Service. NPS recently reviewed the top 20 Crown Commercial Service frameworks showing the highest expenditure by Welsh public bodies and identified £60 million in spend which could potentially be provided for by NPS frameworks instead, subject to further analysis. NPS recognised that the specifications of the relevant frameworks may not be exactly equivalent. NPS is now exploring these opportunities as part of a wider consultation in relation to the future NPS pipeline of activity.
- 1.34 Public bodies using Crown Commercial Service frameworks told us the main reason was because they managed to obtain the use of a preferred supplier or better price. Some also told us that they were using Crown Commercial Service frameworks where suppliers on NPS frameworks could not provide goods or services to the required specification.

21 Crescent Procurement Consortium is owned and run by the further education sector across the UK.

22 ESPO is a public sector owned professional buying organisation jointly owned by its six member authorities: Leicestershire County Council, Lincolnshire County Council, Cambridgeshire County Council, Norfolk County Council, Warwickshire County Council, and Peterborough City Council.

1.35 During 2015-16, NPS was working in collaboration with the CCS to use its managed service printing services for North Wales local authorities while new NPS agreements were in development. The NPS decided to procure its own framework because the CCS agreement did not comply with the Wales Procurement Policy statement. The concern being that the prequalification criteria limited the likely involvement of small and medium-sized enterprises or consortia bids. At the request of the NPS Delivery Group, NPS set-up an all Wales framework, which allowed for additional time for joint bidding and a consortium of Welsh small and medium-sized enterprises won a place on the framework.

Less than anticipated use of frameworks has had a significant impact on the income of NPS, resulting in it not being self-sufficient and not yet able to repay the Welsh Government's Invest-to-Save loan that supported its establishment

1.36 Between 1 November 2013 and 31 March 2016, NPS operating costs were funded by a £5.92 million Invest-to-Save loan from the Welsh Government. The Welsh Government and NPS never agreed a repayment profile for the loan. The NPS intended to begin repayments through surpluses that it expected to accumulate from 1 April 2016.

1.37 The NPS would generate income through a mandatory rebate on suppliers, currently set at 0.45% of the value of the majority of goods/services purchased by public bodies through NPS agreements. Income generation in this way is normal practice for most procurement consortia and public buying organisations²³.

1.38 The NPS has not yet generated sufficient income through the supplier rebate to meet its operating costs (**Figure 4**). In 2015-16, the NPS generated income of only £339,143, compared with operating costs of £2.1 million. Indicative figures for 2016-17 show an increase in income to £0.9 million, compared with operating costs of £2.8 million. Less than anticipated income is due partly to NPS taking on and managing frameworks from other consortia that were not subject to a rebate until replacement procurements could be let by NPS. After exhausting the Invest-to-Save loan in 2015-16, Welsh Government reserves met the shortfall in funding in 2016-17, a situation which will continue until at least the end of 2017-18.

²³ Although it is not the model employed by NHS Wales Shared Services Partnership, whose operating costs are met from the Welsh Government's budget for NHS Wales. In addition, the framework contracts that NPS inherited did not include a supplier rebate, although as new successor contracts have been established by NPS this has now been included.

Figure 4: NPS income and expenditure, 2013-14 to 2016-17

	Costs (£ millions)	Income (£ millions)	Income (£ millions)	Income (£ millions)
	Operating costs	Supplier rebate	Invest-to-Save loan	Welsh Government reserves
2013-14	1.1	0	1.2	
2014-15	2.7	0.04	2.6	0.06
2015-16	2.4	0.3	2.1	-
2016-17	2.8	0.9	-	2

Source: NPS

1.39 The NPS Board and the Welsh Government have recognised that funding of the NPS is a problem and have discussed several options for resolving the issue. However, none of these options directly addresses the issue of increasing uptake of NPS frameworks by public bodies. The options that have been considered include:

- writing off the Invest-to-Save loan;
- a potential change in the funding regime of the NPS, such as direct funding from the Welsh Government's budget; and
- an increase in the mandatory supplier rebate, as it is clear that the rate of 0.45% is currently insufficient to raise sufficient income to allow the NPS to operate self-sufficiently.

1.40 The NPS Board had been concerned that increasing the rebate may deter suppliers from bidding for contracts but has now agreed an increased rebate of up to 1.5% where appropriate. The majority of frameworks remain at 0.45% because the decision to permit a higher rebate was made after most of the existing frameworks were let. Other public buying organisations such as the Crown Commercial Service and the Yorkshire Purchasing Organisation vary their supplier rebates between 2% and 6% depending upon the agreement. A 2% supplier rebate applied to all spend through NPS in 2016-17 would have resulted in income of £4.7 million. To have broken even would have required a rebate of around 1.2% applied to the total spend or for there to have been around £622 million of expenditure subject to the 0.45% rebate.

1.41 With evidence of a further increase in expenditure through NPS frameworks during the first half of 2017-18 ([paragraph 1.16](#)), and with more frameworks now subject to a rebate, NPS is expecting to generate a minimum of £1 million of income in 2017-18. Early indications are that this will be exceeded, based upon £0.5 million of income identified in the first quarter of 2017-18. The Cabinet Secretary for Finance and Local Government has agreed in principle that Welsh Government reserves will again cover any shortfall against NPS operating costs.

NPS has reported wider benefits to the Welsh economy from its procurement and financial savings, but the savings figures are less than anticipated

1.42 One of the key objectives of the NPS is to deliver financial savings for public bodies in their purchasing of goods, services and works. The business case for the establishment of the NPS sets out potential savings for public bodies of £98 million over a 5-year period alongside other benefits. The business case estimated that when it was fully operational by 1 April 2016, NPS would start delivering savings of up to £25 million per year and other benefits²⁴ from a targeted spend of £522 million. It is clear that these and some other subsequent estimates have proved overly ambitious ([Figure 5](#)). Nevertheless, the savings reported by NPS for public bodies have exceeded its own operating costs.

²⁴ The business case estimated that £9 million (36%) of the £25 million would be 'cash releasing savings' ([Figure 7](#)).

Figure 5: NPS savings forecasts/targets and savings reported, November 2013 to 2018-19

	November 2013 to March 2015 (£s millions)	2014-15 (£s millions)	2015-16 (£s millions)	2016-17 (£s millions)	2017-18 (£s millions)	2018-19 (£s millions)
2012 business case (forecast)	-	4	19	25	25	25
NPS Board paper, June 2014 (forecast)	-	15	15	13		
NPS Board minutes October 2014 (target)	-	-	-	-	30	39
Business plan, May 2015 (forecast)	-	-	8.5	-	-	-
Savings reported	1.5	7.9	12.6	14.8	-	-

Note:

NPS savings are comprised of three categories: (1) cash releasing savings – procurement activities that result in the release of physical cash from budgets usually based on reducing the cost of goods or services through commercial activity; (2) cost avoidance – the avoidance of expenditure possibly as a result of demand management or by negotiating out of a proposed price increase to maintain price at the existing level; and (3) process efficiencies – reducing the effort expended through procurement, particularly where this releases resource for other activities.

Source: NPS

- 1.43 Most of the spend through the NPS has been through public bodies using mini-competitions on multi-supplier frameworks on an individual basis, rather than combining their purchasing power for a single contract covering multiple organisations. Although using mini-competitions on multi-supplier frameworks has its advantages, it is less likely to deliver financial savings than when organisations work together to develop a common specification for works, goods or services and then commit to purchasing minimum volumes. We recognise that this sort of arrangement is not practical in all cases.
- 1.44 The total savings reported by the NPS for 2014-15 of £7.9 million were nearly double the amount targeted in the 2012 business case for its establishment but significantly lower than the £15 million later forecast by NPS in June 2014. The June 2014 forecast was, however, based on an assumed spend through NPS of £1.4 billion.
- 1.45 NPS's May 2015 business plan predicted total savings for 2015-16 at a minimum of £8.5 million based on a maximum spend of £1.1 billion. The NPS reported actual savings of £12.6 million exceeded the business plan forecast. The savings reported by NPS represent 8.5% of NPS's total spend, exceeding the target set in the 2015 business plan to deliver savings worth a minimum of 3% of total spend under NPS management. Although these figures include savings from inherited frameworks, NPS only report savings against reduced prices from renegotiated inherited frameworks or from new users of these frameworks²⁵.
- 1.46 As at August 2017, NPS has reported total savings of £14.8 million for 2016-17 (6% of total spend managed by NPS). Although the 2015 business plan did not predict total savings for 2016-17, NPS estimates from June 2014 predicted total savings of £13 million, but from a spend of £1.5 billion.
- 1.47 The savings figures reported by NPS have been disputed by some members. At the request of the Director of NPS, the Welsh Government's Internal Audit Service has twice reviewed the effectiveness of the processes adopted to identify and validate NPS related savings. The last review examined the 2015-16 savings. The Welsh Government's Internal Audit Service gave a reasonable assurance rating on the controls in place.

25 The NPS Delivery Group is tasked with ensuring that savings plans are robust and deliverable. However, while the Group discusses savings, it does not have a formal role in monitoring overall performance.

- 1.48 The review of 2015-16 savings identified a concern that suppliers were not always submitting expenditure data to NPS on a monthly basis, with the consequent risk that NPS is unable to verify both spend and savings. It also noted that the reported savings figures did not take account of situations where individual contracts or lots on a particular framework had experienced a price increase compared with previous arrangements²⁶. The review encouraged NPS to improve the documentation of evidence relating to savings calculations. NPS accepted the findings of the report and was already taking action in 2016-17 to address some of the issues identified.
- 1.49 In response to our 2016 survey, only 19% of NPS members agreed that using the NPS was resulting in cashable savings (with none strongly agreeing). Overall 48% of organisations disagreed, including six local authorities and all but one NHS body. The remainder neither agreed nor disagreed.
- 1.50 Our survey and follow-up interviews articulated some of the dissatisfaction with the savings figures reported by the NPS. The main concerns were around the following issues:
- while some frameworks and agreements had delivered savings, these were offset by others being more expensive, and some local authorities have benchmarked NPS prices and found they can make savings by using local suppliers in certain instances;
 - levels of savings have been less than anticipated; and
 - the savings were not reflected on member organisations' bottom line – for example, some finance directors were not confident in using NPS savings as a basis for sound financial planning as the savings are reported by suppliers with no supporting evidence.
- 1.51 In response to these issues, NPS has pointed to examples where the benchmark comparisons made by public bodies were not comparing current prices. It has also emphasised that there are now processes in place that provide member organisations with savings figures and an opportunity to raise any queries.

²⁶ The Internal Audit report identified, from its sample of seven frameworks, the example of the Rock Salt Framework, which reported an overall saving of £4,151 across seven lots. The report stated that the saving only applied to one specific lot within the framework where NPS had identified a price decrease from a previous framework. However, NPS did not account for price increases on other lots. Considering other lots, the overall position would have been a net cost increase of £1,571.

1.52 NPS also reports on the wider benefits it has achieved. These wider benefits include the creation of jobs in Wales through its frameworks, the use of Welsh suppliers and other benefits to the Welsh economy (Box 7).

Box 7 – achievement of wider benefits reported by NPS

217 jobs created since NPS was established.

Direct spend of £64 million with Welsh suppliers in 2016-17, £44 million of which was through small and medium-sized enterprises based in Wales.

£36 million reinvested into the Welsh economy since establishment²⁷.

At 31 March 2017:

- of 729 suppliers on NPS frameworks, 355 (49%) were based in Wales; and
- 292 of the 729 suppliers were small and medium-sized enterprises based in Wales (40%).

Note: NPS has provided us with updated figures for several of the measures reported above since our October 2017 report on **Public Procurement in Wales**.

Source: NPS

1.53 In developing its procurement activity, NPS has taken steps to ensure that its approach is not presenting barriers to Welsh companies. For example, the All Wales Printing Services Framework was divided into 40 individual contracts, within 13 lots across various regional zones that were particularly attractive to Welsh small and medium-sized enterprises. The procurement resulted in 24 of the 40 contracts being awarded to Welsh small and medium-sized enterprises. The Tyres and Associated Services Framework allowed for consortia bids. The framework contains six Welsh small and medium-sized enterprises across four regional lots. Paragraph 1.35 noted that a consortium of Welsh small and medium-sized enterprises also won a place on the NPS Printing Services framework.

²⁷ Based on a Federation of Small Businesses calculation: for every £1 spent with a Welsh based supplier, £0.63 for small and medium-sized enterprises and £0.40 for non-small and medium-sized enterprises is returned to the Welsh economy. Federation of Small Businesses, **Making the most of small business, one year on**, 2013.

While most public bodies support the NPS in principle, only one third of members were satisfied with the service with concerns over the competitiveness of frameworks, wider benefits realisation, and the ability to meet local and national priorities

- 1.54 We found that there remains broad support for the principle of the NPS in terms of the overall objectives, in particular the need for greater collaboration through ‘buying once for Wales’ to drive financial savings. However, there were concerns about the performance of the NPS.
- 1.55 Overall, only a third of member organisations expressed satisfaction with the service provided by NPS²⁸. No NHS bodies indicated that they were satisfied and less than a third of local authorities were satisfied. The Welsh Government was dissatisfied with the service provided by NPS despite being the host organisation. However, with the exception of one body, all of the Welsh Government sponsored bodies were satisfied. Given the diverse membership of NPS, satisfying all organisations at any point in time may prove difficult. However, the success of NPS ultimately relies upon public bodies having confidence in and using its contracting arrangements. NPS considers that action taken over the last 12 months has addressed some of these concerns, although it has not conducted any specific customer satisfaction survey of its own.
- 1.56 Some local authorities told us they found the service provided by the former Welsh Purchasing Consortium was more suitable to their needs as it was sector-specific. However, some Welsh Government sponsored bodies were more positive about the NPS because they had not previously used a public buying organisation and were experiencing benefits, particularly lower prices. Nevertheless, NPS members’ concerns about the competitiveness of NPS frameworks in offering lower prices ([paragraph 1.50](#)) is one key source of dissatisfaction. We were told of examples where NPS framework prices were proving more expensive than local alternatives ([Case study 4](#)).

²⁸ 44% of respondents to this question in our survey expressed dissatisfaction, with 23% indicating ‘don’t know’.

Case study 4 – comparing NPS framework prices with local suppliers or other frameworks

Flintshire County Council and Denbighshire County Council tested the price of certain goods, services and works provided through NPS frameworks.

Denbighshire County Council tested 14 frameworks and found that in 2015-16 the NPS provided a better deal in eight cases, while the Council was able to obtain a better price locally or through other frameworks in six cases.

Flintshire County Council tested 12 frameworks and found that in 2015-16, NPS frameworks provided a better deal in six cases, while the Council was able to obtain a better price locally or through other frameworks in six cases.

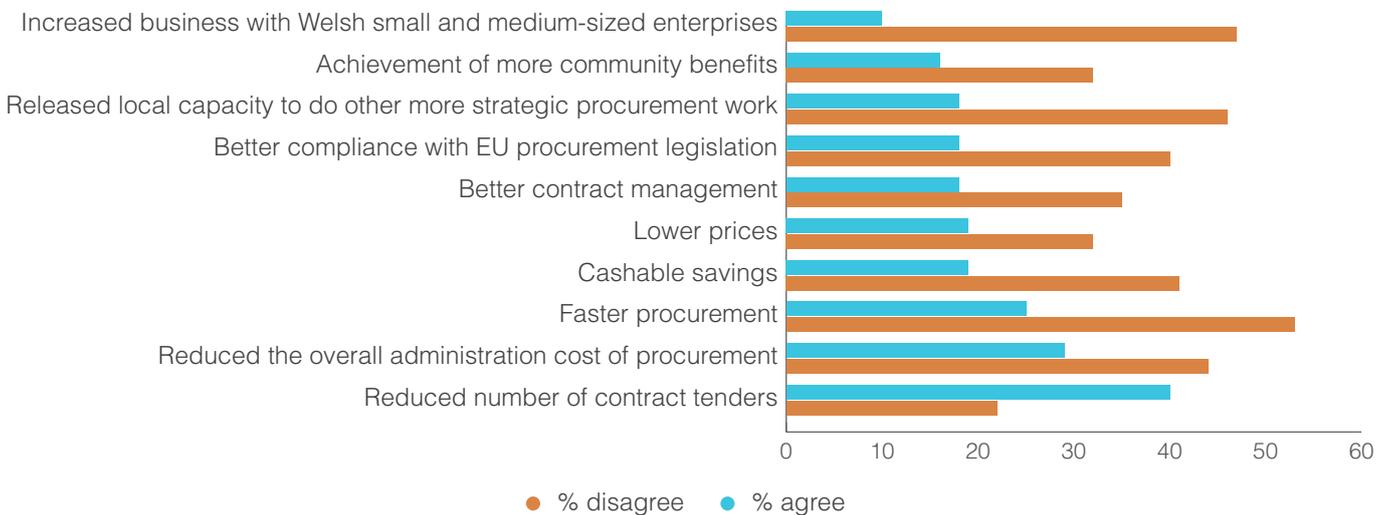
NPS offered to work with the two councils to undertake a benchmarking exercise but the councils have not provided the information to NPS to facilitate this.

Isle of Anglesey County Council opted-out of using the NPS framework for Supply of Liquid Fuels. Having benchmarked prices on several occasions and held meetings with NPS staff, the Council found that it could purchase cheaper through local suppliers. NPS is of the view that the majority of the fuel price (97%) is fixed by a price index across the market. The competition lies in the administration fees of up to 3%.

1.57 **Figure 6** shows NPS members' views on the impact of procuring through NPS, and helps further explain the overall levels of satisfaction. In addition to prices, a significant proportion of members had negative views on other matters. Members also expressed concerns through our survey and follow-up interviews about specific issues including:

- the length of time it has taken to set up some of the frameworks (for example, food and building cleaning) which has meant that some organisations have had to extend existing contracts beyond their legal time limit;
- the amount of time it takes to undertake mini-competitions once frameworks have been set-up;
- the extent to which individual organisational specifications can be achieved under some NPS frameworks, especially where more bespoke or specialist goods or services are required;
- some NPS frameworks being over-specified; and
- little being done by the NPS to initiate or encourage joint specifications or joint-mini-competitions.

Figure 6: NPS members' views on the impact of procuring through NPS



Note:

the difference between those that disagree and those that agree is public bodies that responded 'neither agree nor disagree'.

Source: Wales Audit Office survey of NPS members

- 1.58 In response to members' views on the impact of procuring through NPS, and to enhance flexibility, NPS has committed to ensuring that more frameworks have direct award options rather than necessarily having to stage a mini-competition. The NPS has also initiated an on-going programme of support for customers where mini-competitions are required and has delivered collaborative mini-competitions across several of its categories.
- 1.59 We found that local authorities were particularly concerned about their ability to support their local economy through NPS frameworks (**Box 8 and Case study 5**). In response to our survey, only 10% of NPS members agreed that using NPS had resulted in increased use of Welsh based small and medium-sized enterprises, with just under 50% disagreeing and the remainder neither agreeing nor disagreeing. In April 2017, the NPS reported that 270 (39%) of suppliers on its frameworks were Welsh small and medium-sized enterprises. The NPS also believes that a significant number of these businesses are providing goods, services and works through its frameworks as sub-contractors, although it is unable to quantify this. Although NPS has taken steps to reduce the barriers for local suppliers to win a place on its frameworks, the findings of our survey indicate that either NPS's approach could be more effective or that NPS needs to make members more aware of the provisions it is making.

Box 8 – quotes on supporting the local economy and use of NPS

- 'There appears to be little sensitivity to local needs / local economy and a push to - one size fits all'
- 'We could pay more for a standard/quality which does not exactly meet our needs whilst also damaging our local economy'
- 'Other Consortia have been successful in developing appropriate arrangements which do not threaten our local economy or the Welsh economy'
- 'Elected Members are extremely concerned at the impact on the local economy and are disappointed at the clear lack of any significant payback despite the threat to the economy'
- 'There are at times, conflicting priorities within the NPS where some sectors are under pressure to satisfy local suppliers at the expense of delivering value for money'

Source: Wales Audit Office survey of NPS members

Case study 5 – Carmarthenshire County Council’s approach to the NPS frameworks for food

In August 2016, Carmarthenshire County Council informed NPS that it wished to opt-out of the forthcoming NPS food frameworks. The Council was particularly concerned that the food frameworks would cover the whole of Wales and whilst there are regional or local companies able to compete in their areas, they are likely to be unable to compete across Wales. Although the NPS Category Forum divided the food categories into regional lots, the Council still had concerns over the impact on local suppliers. For example, the lot for Groceries, Provisions and Frozen Foods was to cover Carmarthenshire and Pembrokeshire. At the time of the letter, a local company was supplying the Council who won the business against national competition and the Council understood that there was a similar situation in Pembrokeshire.

The Council stated its concern that the lotting strategy set up by NPS guarantees that either or both of these companies will lose business as the NPS would select only one supplier to cover the geographical zone. In response to these concerns, the proposed strategy was amended to reflect local economy concerns following further consideration by the NPS Delivery Group and the Council is named as a separate lot for five of the food categories. The Council is currently reviewing outcomes of the framework and considering the most appropriate way forward to procure goods in these categories.

Some public bodies have been concerned that the NPS is not sufficiently independent from the Welsh Government

- 1.60 Our survey of NPS members identified concerns over the clarity of the role of the Welsh Government regarding its relationship with the NPS. The current operating model for the NPS is that it is 'hosted' by the Welsh Government. The favoured option in the 2012 business case set out that an existing public body would host the NPS. The preferred delivery model was based on the premise that NPS would be independent from the host organisation's operation and with its own governance structure including appropriate representation from all sectors. The NPS would be responsible to the NPS Board and would operate as an independent entity governed through its own leadership and operational structure. The host organisation would provide the required facilities, employment and professional mentoring for the NPS.
- 1.61 Although the NPS was set up in accordance with this model, some member organisations have been concerned that the relationship between the NPS and the Welsh Government has become more than just a host relationship and that NPS will become a government department. Some of these concerns are based on the fact that the Welsh Government's Commercial Director is also the Director of the NPS and the Welsh Government's Head of Procurement is the Chair of the NPS Delivery Board²⁹. NPS is listed as part of the Welsh Government on the Welsh Government's organisation chart and the Deputy Permanent Secretary for Economy, Skills and Natural Resources has additional accounting officer responsibility for it. As noted in [paragraph 1.5](#), NPS no longer has its own finance function.
- 1.62 NPS senior officers considered that operating more at arms-length from the Welsh Government would have provided greater freedom in its procurement activity and in the recruitment of key staff. They have noted that it might also have encouraged greater buy-in from public bodies to NPS frameworks.
- 1.63 Although the NPS has a Board made up of officials representing its key stakeholders, some member organisations have commented on the fact that it had only one independent member, the former Chair of the Board who was a public appointment in February 2014³⁰. Because the NPS is hosted by the Welsh Government, it is not subject to regular independent scrutiny through, for example, its own audit committee. However, the Director of NPS has requested that the Welsh Government's Internal Audit Service undertake reviews in respect of its reported savings ([paragraph 1.5](#)).

²⁹ However, the Chair of the NPS Delivery Board had been appointed to that role before taking up the post at the Welsh Government in summer of 2016, having previously been the Head of Procurement at Natural Resources Wales.

³⁰ The Chair of the NPS Board left the post in February 2017 following the end of their three-year term. The Chair has not been replaced while the Welsh Government takes forward its plans to merge the NPS Board with the national Procurement Board ([paragraph 4](#)).

1.64 One of the main concerns amongst member organisations is that the balance of the NPS's focus is towards national issues rather than local priorities. We also found that member organisations are concerned with the Welsh Government having more influence over financial matters, such as the funding of the NPS, than the other member organisations. In September 2017, the Cabinet Secretary for Finance and Local Government set out that the Welsh Government intends to reposition the role of the NPS and of Value Wales to maximise the benefits of public procurement.

Appendices



Appendix 1 – Audit methods

The overall scope of our work

This report follows on from the Auditor General's October 2017 report on **Public Procurement in Wales**. That report set out the regulatory and policy context for public procurement in Wales. It considered how much public bodies in Wales are spending through procurement and on which goods, services and works, including through the main Wales-based procurement consortia and public buying organisations. The report also examined how individual public bodies are performing and how their procurement arrangements are developing in the context of changing policy and legislation.

During the early stages of that wider review, some public bodies expressed particular concerns about the development and performance of the National Procurement Service (NPS). This report considers the issues relating to the NPS in more detail.

There are 73 NPS member organisations. These bodies are the 22 Welsh local authorities, 14 further education institutions, nine higher education institutions, nine Welsh Government Sponsored Bodies, ten NHS bodies, four police authorities, three fire and rescue authorities, the National Assembly for Wales Commission and the Welsh Government.

Survey of NPS members

Between June and September 2016, we surveyed the 73 NPS members and received a 97% response rate. In relation to NPS, we asked public bodies for their opinion on:

- the difference using NPS had made to public bodies' purchasing;
- decisions around opting out of using NPS; and
- using other collaborative procurement arrangements.

The Royal Commission on the Ancient and Historical Monuments of Wales and the University of Wales Registry are members of the NPS but elected not to take part in our survey because their overall procurement spend is minimal and they did not use NPS frameworks in 2015-16.

Where necessary to clarify answers and to gain further information and case studies, we followed up on survey responses either by email, telephone or face-to-face interview. We sought views from the national Procurement Board on the design of the survey and discussed the survey findings with the Board in November 2016.

Analysis of procurement public buying organisation and consortia data

We analysed data provided by NPS on the use of, and spend through, its framework agreements in 2014-15, 2015-16 and 2016-17. Suppliers provide this data to NPS on a monthly basis. We also considered data reported by NPS on financial savings and other benefits from its procurement.

Interviews

We met with individuals representing various organisations including:

- the Welsh Government and NPS;
- Confederation of British Industry (CBI) Wales, Federation of Small Business Wales, the Construction Industry Training Board and the Engineering Employers Federation (EEF); and
- the office of the Future Generations Commissioner.

Literature review

To inform our work, we have reviewed a range of other audit and scrutiny reports relating to public procurement, including:

- National Audit Office, **Crown Commercial Service**, December 2016.
- National Audit Office, **Improving Government Procurement**, February 2013.
- Audit Commission and National Audit Office, **A review of collaborative procurement across the public sector**, May 2010.
- Welsh Government Internal Audit reports.

The December 2016 National Audit Office report on the **Crown Commercial Service** concluded that it is not possible to show that the Crown Commercial Service (CCS) has achieved more than departments would otherwise have achieved by buying common goods, services and works themselves. The report also drew a number of other conclusions that broadly reflect issues relevant to the development of the NPS that we have ourselves reported on. For example, the National Audit Office concluded that:

- the Cabinet Office severely under-estimated the difficulty of implementing joint buying across government;
- from the start of CCS's establishment, there was a rapid erosion in departments' confidence in CCS and a CCS survey shows that 6 out of 10 customers are satisfied with the CCS service;
- central buying should achieve very large savings, but it is not clear exactly what spending should be centralised;
- the strategic argument for joint buying remains strong. but that joint buying requires goodwill from departments;
- the Cabinet Office's plan to create CCS wrongly estimated both the activities and the amount of goods, services and works that were appropriate to be bought centrally; and
- by 2016, only seven departments had transferred the responsibility for buying common goods, services and works to CCS, amounting to £2.5 billion, well below the £13.4 billion envisioned.

Appendix 2 – Use of NPS frameworks in 2015-16 and 2016-17

Figure 7 shows the proportion of the 73 NPS member organisations that used live NPS frameworks in 2015-16 and 2016-17, including frameworks inherited by the NPS from other public bodies including the Welsh Purchasing Consortium (**paragraph 1.13**).

In some cases, the frameworks with no spend during 2015-16 were set up late in the year or were not established until 2016-17. NPS has not been able to determine whether this is because it has not received management information from suppliers or whether these frameworks have not been used. NPS is working to resolve this (**paragraph 1.11**). Similarly, some of the frameworks established in 2016-17 were not live until relatively late in the year. For the purpose of this report, we are treating the 2016-17 spend data as indicative only at this stage. In some cases demand may vary because public bodies have their own in-house services.

Figure 8 shows the overall spend through each live NPS framework during 2016-17, along with the number of members and non-member organisations using them and the variation in spend by organisation.

Figure 7: proportion of NPS member organisations using frameworks in 2015-16 and 2016-17¹

Framework	2015-16 (%)	2016-17 (%)	Date framework established
Printer Consumables III ²	93	82	Inherited framework established prior to NPS
Electrical Heating Plumbing and Associated Materials	8	74	September 2015
IT Products and Services	56	72	January 2016
Vehicle Hire	39	72	April 2015
NPS All Wales Legal Services By Solicitors Framework Agreement	33	69	September 2015
All Wales Printing Services	9	65	January 2016
Occupational Health and Associated Services	28	61	April 2015
General Building Materials	49	60	February 2015

Framework	2015-16 (%)	2016-17 (%)	Date framework established
Provision of Furniture Solutions	66	58	May 2015
Supply of Stationery and Paper	32	56	January 2015
NPS Stationery and Paper Bridging Agreement	31	53	July 2015
All Wales Media Agency Services Framework Agreement	29	51	Inherited framework established prior to NPS.
Construction Consultancy (Property)	27	51	December 2014
Wales Translation Framework	9	49	June 2014
NPS Managed Service For Agency Workers	44	47	April 2015
Supply of Liquid Fuels	32	46	April 2015
Cleaning and Janitorial Materials	2	46	September 2015
Managed Service for Employee Benefit Schemes	0	46	December 2015
Construction Consultancy Phase 2	13	44	October 2015
Business Travel and Accommodation	7	44	October 2015
Gas and Electricity	29	43	Gas framework April 2016 Electricity framework April 2017 ⁴
Fuel Cards	2	42	September 2015
NPS – Supply of Frozen Plated Meals, Tex Modified Meals, Soup and Side Dishes	N/A	42	November 2016
NPS Stationery and Copier Paper	N/A	42	January 2017
Postal and Courier Services and Mailroom Equipment	N/A	39	July 2016
Structured Cabling Services	N/A	38	August 2016
Waste Disposal Bags	N/A	38	August 2016
Prepared Sandwiches and Sandwich Fillings	N/A	36	November 2016

Framework	2015-16 (%)	2016-17 (%)	Date framework established
Corporate Training Learning and Development Services	N/A	36	September 2016
Construction Consultancy Phase 3	1	35	January 2016
Cleaning and Janitorial Services	1	35	June 2015
Social Care – Assistive Technology	0	35	October 2015
Resource Efficiency Wales ³	1	33	July 2014
Cash Collection Services	1	33	September 2015
Tyres and Associated Services and Supply	0	33	November 2015
Hand tools and small electrical equipment	N/A	33	September 2016
NPS Rock Salt	8	32	October 2015
Clinical Waste Bags	N/A	32	February 2017
Insurance Support Services	N/A	32	September 2016
Vehicle Spares	N/A	32	January 2017
Information Assurance Services	N/A	32	November 2016
Welsh Purchasing Consortium Managed Service For Agency Workers ²	39	31	Inherited framework established prior to NPS. Expired.
Library Management Systems	0	31	September 2015
Facilities Management Phase 1	0	1	January 2016
Community Equipment ²	29	0	Inherited framework established prior to NPS. Expired.
Supply of Biomass Fuels	0	0	January 2016
Mobile Telephony ²	0	0	July 2015
Facilities Management Phase 2	N/A	0	October 2016
Digitisation, Storage and Disposal	N/A	0	January 2017
Supply of Multi-Functional Devices (MFD) and Associated Services	N/A	0	January 2017

Framework	2015-16 (%)	2016-17 (%)	Date framework established
Insurance Services	N/A	0	July 2016
Network Services Framework ²	0	0	February 2016
Supply of Protective Clothing and Personal Protective Equipment	31	0	Inherited framework established prior to NPS. Still live.
IT Equipment and Associated Services III ²	69	N/A	Inherited framework established prior to NPS. Expired.
Supply, service and Maintenance of Fire Equipment ¹	0	N/A	Inherited framework established prior to NPS. Expired.
Rock Salt ²	8	N/A	Inherited framework established prior to NPS. Expired.

Note

- 1 N/A relates to frameworks that were not available during the period concerned.
- 2 Framework no longer live.
- 3 The 'Resource Efficiency Wales' framework covers services relating to energy efficiency advice and environmental consultancy.
- 4 These dates relate to the current contract arrangements. NPS has been managing gas and electricity procurement on behalf of some NPS members since October 2015 (Box 5 on page 23).

Source: Wales Audit Office analysis of NPS data

Figure 8: overall NPS framework spend, use and spend variance during 2016-17

Framework	Total spend	Number of organisations using the framework (members and non-members)	Highest spend by organisation	Lowest spend by organisation
Gas and Electricity	£68,332,715	31	£8,115,904	£1,748
NPS Managed Service For Agency Workers	£50,018,222	37	£13,875,992	£735
IT Products and Services	£37,439,394	63	£2,911,301	£87
Supply of Liquid Fuels	£17,751,779	32	£1,843,150	£467
Electrical Heating Plumbing and Associated Materials	£5,678,050	59	£2,925,029	£11
All Wales Media Agency Services Framework Agreement	£5,099,932	35	£3,935,802	£272
General Building Materials	£4,691,961	45	£1,840,218	£9
Construction Consultancy Phase 2	£4,380,757	27	£1,451,662	£915
Printer Consumables III	£3,315,075	75	£335,031	£234
Construction Consultancy (Property)	£3,258,915	29	£1,446,045	£940
Vehicle Hire	£2,929,782	57	£539,865	£50
Provision of Furniture Solutions	£2,608,422	44	£369,316	£924
Managed Service for Employee Benefit Schemes	£2,497,839	19	£895,122	£4,277

Framework	Total spend	Number of organisations using the framework (members and non-members)	Highest spend by organisation	Lowest spend by organisation
NPS All Wales Legal Services by Solicitors Framework Agreement	£2,378,411	59	£724,061	£941
NPS Rock Salt	£2,165,796	17	£529,705	£1,935
All Wales Printing Services Framework	£2,053,774	54	£586,137	£122
Resource Efficiency Wales	£1,995,637	8	£1,899,580	£1,100
Fuel Cards	£1,955,565	17	£610,506	£6,683
Facilities Management Phase 1	£1,812,741	2	£1,804,123	£8,618
Social Care – Assistive Technology	£1,739,555	31	£236,966	£7
Tyres and Associated Services	£1,723,578	18	£268,933	£3,201
WPC Managed Service For Agency Workers	£1,245,682	7	£406,004	£79,762
Supply of Stationery and Paper	£1,160,731	38	£167,627	£4
Welsh Purchasing Consortium Framework Agreement for the Supply of Fresh Frozen and Cooked Meats	£927,789	12	£177,871	£1,788
Cleaning and Janitorial Materials	£893,487	27	£278,199	£4

Framework	Total spend	Number of organisations using the framework (members and non-members)	Highest spend by organisation	Lowest spend by organisation
Occupational Health Associated Services	£872,466	40	£124,323	£4
NPS Stationery and paper Bridging Agreement	£871,867	34	£108,306	£30
Business Travel and Accommodation	£754,784	19	£405,289	£143
NPS – Supply of Frozen Plated Meals, Tex Modified Meals, Soups and Side Dishes	£544,587	12	£180,523	£437
Wales Translation Framework	£514,770	28	£299,615	£116
Vehicle Spares	£482,205	6	£200,596	£8,162
Construction Consultancy Phase 3	£436,874	11	£155,573	£2,106
Supply of Waste Disposal Bags	£345,371	14	£98,768	£274
NPS - Structured Cabling Services	£199,796	10	£69,649	£1,101
Library Management System	£196,872	9	£156,931	£2,599
Cleaning and Janitorial Services	£140,714	5	£86,704	£4,345
Cash Collection Services	£140,454	6	£41,202	£3,537
NPS – Supply and Distribution of Prepared sandwiches and sandwich fillings	£121,317	6	£62,526	£683
NPS Stationery and Copier Paper	£115,747	16	£37,475	£92

Framework	Total spend	Number of organisations using the framework (members and non-members)	Highest spend by organisation	Lowest spend by organisation
All Wales Postal Services, Courier Services and Mailroom Equipment Framework	£100,689	9	£30,077	£3,048
Supply of Clinical Waste Bags	£80,016	1	£80,016	£80,016
Information Assurance Services	£43,573	6	£11,238	£3,513
Corporate Training, Learning and Development Services	£29,530	10	£12,445	£300
Purchase of Hand Tools and Small Electrical Equipment	£17,954	18	£4,040	£54
Insurance Support Services Framework	£10,536	2	£8,636	£1,900

Note: There were 8 frameworks that were live during 2016-17 but with no spend recorded for members or non-members.

Source: Wales Audit Office analysis of NPS data

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

Rydym yn croesawu galwadau
ffôn yn Gymraeg a Saesneg.

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru