

## Archived Decisions for the Portfolio Holder for Finance 2012

---



County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

For further information please contact

Stephen Boyd  
[steve.boyd@powys.gov.uk](mailto:steve.boyd@powys.gov.uk)  
01597 826374

### ARCHIVED PORTFOLIO HOLDER DELEGATED DECISION

1.	<b>2012-06-29 POWYS BUSINESS DEVELOPMENT GRANTS</b>
----	---

(Pages 5 - 6)

2.	<b>2012-07-05 POWYS BUSINESS EXPANSION GRANT</b>
----	--

(Pages 7 - 8)

3.	<b>2012-07-11 POWYS BUSINESS DEVELOPMENT AND EXPANSION GRANTS</b>
----	---

(Pages 9 - 10)

4.	<b>2012-07-20 PENSION FUND ISSUES - OUTSOURCING OF SERVICES</b>
----	---

(Pages 11 - 16)

5.	<b>2012-07-26 POWYS BUSINESS DEVELOPMENT GRANT</b>
----	--

(Pages 17 - 18)

6.	<b>2012-07-29 POWYS BUSINESS DEVELOPMENT GRANT</b>
----	--

(Pages 19 - 20)

7.	<b>2012-08-15 POWYS BUSINESS DEVELOPMENT GRANT</b>
----	--

(Pages 21 - 22)

8.	<b>2012-08-29 POWYS BUSINESS DEVELOPMENT GRANTS, AND, POWYS HISTORIC BUILDING GRANT</b>
----	---

(Pages 23 - 24)

9.	<b>2012-09-10 POWYS HISTORIC BUILDING GRANTS</b>
----	--

(Pages 25 - 26)

<b>10.</b>	<b>2012-09-24 POWYS BUILT HERITAGE FUND APPLICATION</b>
------------	---

(Pages 27 - 36)

<b>11.</b>	<b>2012-09-26 POWYS BUILT HERITAGE GRANT APPLICATION LLANDINAM VILLAGE HALL</b>
------------	---

(Pages 37 - 38)

<b>12.</b>	<b>2012-10-04 APPLICATIONS FOR CHARITABLE AND HARDSHIP RATE RELIEF</b>
------------	--

(Pages 39 - 40)

<b>13.</b>	<b>2012-10-10 POWYS BUILT HERITAGE GRANT APPLICATION</b>
------------	--

(Pages 41 - 42)

<b>14.</b>	<b>2012-10-15 POWYS BUSINESS START UP GRANTS</b>
------------	--

(Pages 43 - 44)

<b>15.</b>	<b>2012-11-06 BUDGET VIREMENT</b>
------------	-----------------------------------

(Pages 45 - 48)

<b>16.</b>	<b>2012-12-04 WELSH HOUSING QUALITY STANDARD - TENDER AWARD</b>
------------	---

(Pages 49 - 76)

<b>17.</b>	<b>2012-12-11 POWYS HISTORIC BUILDING GRANT</b>
------------	---

(Pages 77 - 78)

<b>18.</b>	<b>2012-12-12 APPLICATIONS FOR CHARITABLE AND HARDSHIP RATE RELIEF</b>
------------	--

(Pages 79 - 80)

<b>19.</b>	<b>2012-12-13 NATIONAL PROCUREMENT SERVICE</b>
------------	--

(Pages 81 - 92)

<b>20.</b>	<b>2012-12-19 APPLICATIONS FOR CHARITABLE AND HARDSHIP RATE RELIEF</b>
------------	--

(Pages 93 - 94)



This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 29 June 2012**

**Powys Business Development Grant 25/12/13**

**RESOLVED that a Powys Business Development Grant of £924.50 be approved for the applicant trading as 'Z-Fitness' to be paid in 2 tranches of £462.25.**

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 5 July 2012**

**Powys Business Expansion Grant 16/12/13**

**RESOLVED that A Powys Business Expansion Grant of £2,331 be approved for the applicant trading as 'Skye Instruments Ltd' to be paid in 2 tranches of £1,165.50.**

This page is intentionally left blank

## **Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

### **Decisions Taken 11 July 2012**

#### **Powys Business Development Grant 27/12/13**

**RESOLVED** that a Powys Business Development Grant of £1,660.25 be approved for the applicant trading as ‘Old Station Tea Rooms’ to be paid in 2 tranches of £830.12.

#### **Powys Business Development Grant 28/12/13**

**RESOLVED** that a Powys Business Development Grant of £1,662.22 be approved for the applicant trading as ‘Data Etc ’ to be paid in 2 tranches of £831.11.

#### **Powys Business Development Grant 29/12/13**

**RESOLVED** that a Powys Business Development Grant of £1,175.00 be approved for the applicant trading as ‘Queer Elizabeth ’ to be paid in 2 tranches of £587.50.

#### **Powys Business Expansion Grant 18/12/13**

**RESOLVED** that a Powys Business Expansion Grant of £2,946 be approved for the applicant trading as ‘Claudia Lis Ceramics’ to be paid in 2 tranches of £1,473.

This page is intentionally left blank

## Decisions taken by Individual Portfolio Holders

**Councillor D.E. Davies**  
**Portfolio Holder for Finance**

**Councillor G.W. Ratcliffe**  
**Portfolio Holder for Human Resources**

**Decision Taken 20 July 2012**

### **Pension Fund Issues – Outsourcing of Services**

<b>DECISION</b>	<b>Reason for decision</b>
<p>a) That past service deficiencies be fully funded at the point of transfer via a notional allocation of Pension Fund assets. Any further deficiencies arising will be funded by the Transferee Admission Body concerned.</p> <p>b) That Powys County Council will guarantee any Pension Fund liabilities arising from the failure of a Transferee Admission Body (to whom it has transferred staff) which remain outstanding on the cessation of the Transferee Admission Body's participation in the Powys County Council Pension Fund. However, the Council will need to quantify, as far as possible, the liabilities it is to guarantee and to consider its risk appetite for that level of guarantee.</p> <p>c) That the question as to whether an admission agreement with a Transferee Admission Body be open or closed to new employees appointed to work on the transferred function after the date of transfer, be a matter of agreement between the Council and any Transferee Admission Body.</p>	<p>To address policy issues following changes to the provisions of the Local Government Pension Scheme; the issuing of the Welsh Authorities Staff Transfers (Pensions) Direction 2012; and, the need for the Council to consider a variety of service delivery options going forward that may include outsourcing.</p>

This page is intentionally left blank

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**Portfolio Holders for Finance and Human Resources  
July 2012**

**REPORT BY: Head of Finance**

**SUBJECT: Pension Fund Issues – Outsourcing of Services**

---

**REPORT FOR: Decision**

---

- 1 Following changes to the provisions of the Local Government Pension Scheme; the issuing of the Welsh Authorities Staff Transfers (Pensions) Direction 2012; and, the need for the Council to consider a variety of service delivery options going forward that may include outsourcing, there are a number of policy issues relating to pensions that require attention.
  
- 2 These matters relate to the Council as an employer participating in the Local Government Pension Scheme as distinct from its role as the administering authority of the Powys County Council Pension Fund. As such an employer, where the Council outsources a service that includes the transfer of staff, a number of issues relating to pension provision arise, particularly where staff are to remain subject to the LGPS via an admission agreement between the contractor (a "Transferee Admission Body") and the Pension Fund.
  
- 3 The Council as a ceding employer needs to consider the following matters and take a view on each as a matter of policy:
  - a) How is any past service deficit attaching to transferred members of staff to be funded, beyond the transfer date and by whom;
  - b) What financial guarantee / underwriting of potential Pension Fund liabilities attaching to a Transferee Admission Body are the Council willing to bear;
  - c) Should such admission agreements be open or closed to new employees appointed post transfer date who work on the transferred function.

Each of these issues is examined in more detail below.

4. The funding of past service deficiencies relating to the employees of an LGPS employer such as the Council are usually funded via an

individual adjustment applied to the common contribution rate payable by Fund employers in respect of their employees future service accrual. At the 2010 Triennial Valuation of the Powys County Council Pension Fund the common contribution rate was 14.8% of pensionable payroll. However, the Council is currently paying 23.2% of pensionable payroll – the extra 8.4% is to fund, over a period of years, the current past service deficiency in respect of Powys County Council employees and former employees.

On transferring staff, who are members of the LGPS, to another body the past service deficiency attaching to those members needs to be dealt with. This is usually done in one of three ways:

- a) The ceding employer notionally transfers sufficient Pension Fund assets to the Transferee Admission Body so that the deficiency is 100% funded at the date of transfer. This leaves the Transferee Admission Body to fund the future service accrual of transferred staff and any past service deficiency arising in the future in respect of those staff.
- b) The ceding employer retains liability for funding the deficiency in full, irrespective of future changes to the deficiency. In this case, the Transferee Admission Body is solely responsible for funding the future service accrual of transferred staff, even though its actions as an employer may vary the past service deficiency extant at the date of transfer or indeed create a new deficiency going forward.
- c) The past service deficiency is crystallized at the date of transfer and the ceding employer retains liability for it at that level, with any future variation arising as a result of the Transferee Admission Body's actions being funded by that body.

All approaches are used although that set out in a) is perhaps the most common. In addition, approach c) is extremely difficult to use in practice and tends to markedly increase actuarial costs because of the close monitoring required. It should be noted that none of these approaches is entirely risk-free to either the ceding employer or the Transferee Admission Body. Moreover, any additional pension costs arising from the use of these approaches, is likely to result in the Transferee Admission Body requiring increases to the charges it levies against the Council for the provision of the service concerned.

5. Whilst the Pension Fund will require any Transferee Admission Body to purchase and maintain an indemnity or bond to protect the Pension Fund against liabilities arising where the body becomes insolvent, there is an additional need to ensure that the Pension Fund is protected where such an indemnity or bond proves to be insufficient.

To mitigate this possibility it is usual for the ceding employer to underwrite / guarantee the Transferee Admission Body's pension

liabilities so that the Pension Fund is fully protected. Therefore, the Council should consider what level of risk it is willing / able to bear in respect of any external outsourcing that results in a transfer of staff and where those staff remain subject to the LGPS.

6. The matter of open / closed arrangements in respect of new employees appointed post transfer date needs to be addressed. It should be noted that such a member of staff could have rights under TUPE to transfer to the Council if reversion of the contract occurs. Moreover, had the outsourcing not occurred, any new member of staff appointed by the Council would have an automatic right of entitlement to join the LGPS.

The above notwithstanding, this matter is often determined via consultation and negotiation with the Transferee Admission Body.

7. Portfolio holders are asked to agree the following recommendations in respect of any future admission agreements arising from a transfer of staff to a Transferee Admission Body:
  - a) That past service deficiencies be fully funded at the point of transfer via a notional allocation of Pension Fund assets. Any further deficiencies arising will be funded by the Transferee Admission Body concerned.
  - b) That Powys County Council will guarantee any Pension Fund liabilities arising from the failure of a Transferee Admission Body (to whom it has transferred staff) which remain outstanding on the cessation of the Transferee Admission Body's participation in the Powys County Council Pension Fund. However, the Council will need to quantify, as far as possible, the liabilities it is to guarantee and to consider its risk appetite for that level of guarantee.
  - c) That the question as to whether an admission agreement with a Transferee Admission Body be open or closed to new employees appointed to work on the transferred function after the date of transfer, be a matter of agreement between the Council and any Transferee Admission Body.

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 26 July 2012**

**Powys Business Development Grant 32/12/13**

**RESOLVED that a Powys Business Development Grant of £2,481.64 be approved for the applicant trading as 'Tree Active' to be paid in 2 tranches of £1,240.82.**

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 29 July 2012**

**Powys Business Development Grant 26/12/13**

**RESOLVED that a Powys Business Development Grant of £2,434.00 be approved for the applicant trading as 'Evabuild' to be paid in 2 tranches of £1,217.**

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 15 August 2012**

**Powys Business Development Grant 30/12/13**

**RESOLVED that a Powys Business Development Grant of £2,500 be approved for the applicant trading as 'Rheally Smart Poultry' to be paid in 2 tranches of £1,250.**

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 29 August 2012**

**Powys Business Development Grant 21/12/13**

**RESOLVED that a Powys Business Expansion Grant of £2,545 be approved for the applicant trading as Anderson Apparel to be paid in 2 tranches of £1,272.50.**

**Powys Business Development Grant 22/12/13**

**RESOLVED that a Powys Business Expansion Grant of £1,371 be approved for the applicant trading as Unique Hair Salon to be paid in 2 tranches of £685.50.**

**Powys Historic Building Grant  
Upper Llandewi Farmhouse, Llandewi Fach**

**RESOLVED that a Powys Historic Building grant of £8,000 be approved.**

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown**  
**Portfolio Holder for Planning**

**Councillor D.E. Davies**  
**Portfolio Holder for Finance**

**Decisions Taken 10 September 2012****Powys Historic Building Grants****Y Plas Machynlleth**

<b>DECISION</b>	<b>Reason for Decision</b>
<b>To approve a Powys Historic Building grant of £6696.10.</b>	<b>In line with policy</b>

**9 High Street, Llanidloes**

<b>DECISION</b>	<b>Reason for Decision</b>
<b>To approve a Powys Historic Building grant of £3,300.</b>	<b>In line with policy</b>

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder For Finance**

**Powys Built Heritage Fund Application Little Wern Clyro**

<b>DECISION</b>	<b>Reason for Decision</b>
<b>To award the maximum grant of £8,000.</b>	<b>In line with policy.</b>

This page is intentionally left blank

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown**  
**Portfolio Holder for Planning**

**Councillor D.E. Davies**  
**Portfolio Holder for Finance**

**Decision Taken 26 September 2012**

**Powys Built Heritage Grant Application Llandinam Village Hall**

<b>DECISION</b>	<b>Reason for Decision:</b>
<b>That a grant of up to £3,514.00 be awarded.</b>	<b>In line with policy</b>

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decision Taken 4 October 2012**

**Applications for Charitable Rate Relief**

<b>DECISION</b>	<b>Reason for decision</b>
<b>To approve the recommendations in the report.</b>	<b>In line with policy</b>

**Applications for Hardship Rate Relief**

<b>DECISION</b>	<b>Reason for decision</b>
<b>To approve the recommendations in the report.</b>	<b>In line with policy</b>

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown**  
**Portfolio Holder for Planning**

**Councillor D.E. Davies**  
**Portfolio Holder for Finance**

**Decision Taken 10 October 2012**

**Powys Built Heritage Grant Application The Old Court House, Llanidloes**

<b>DECISION</b>	<b>Reason for Decision:</b>
<b>That a grant of up to £8,000 be awarded.</b>	<b>In line with policy</b>

This page is intentionally left blank

## **Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decision Taken 15 October 2012**

### **Powys Business Start Up Grant 40/12/13**

**RESOLVED that a Powys Business Expansion Grant of £2,363.33 be approved for the applicant trading as 'Mill Farm Cottages' to be paid in 2 tranches of £1,181.66.**

### **Powys Business Start Up Grant 41/12/13**

**RESOLVED that a Powys Business Expansion Grant of £2,500 be approved for the applicant trading as 'Wayne Price Mobile Sawmill' to be paid in 2 tranches of £1,250.00.**

### **Powys Business Start Up Grant 43/12/13**

**RESOLVED that a Powys Business Expansion Grant of £2,500 be approved for the applicant trading as 'Ty Newydd Self Catering Accommodation' to be paid in 2 tranches of £1,250.00.**

### **Powys Business Start Up Grant 45/12/13**

**RESOLVED that a Powys Business Expansion Grant of £2,500 be approved for the applicant trading as 'The Place for Families' to be paid in 2 tranches of £1,250.00.**

### **Powys Business Start Up Grant 47/12/13**

**RESOLVED that a Powys Business Expansion Grant of £1,143.99 be approved for the applicant trading as 'The Place for Families' to be paid in 2 tranches of £571.99**

### **Powys Business Expansion Grant 25/12/13**

**RESOLVED that a Powys Business Expansion Grant of £1,383.66 be approved for the applicant trading as 'Nik & Nel's Reptiles & Aquatics' to be paid in 2 tranches of £691.83**

**Powys Business Expansion Grant 26/12/13**

**RESOLVED** that a Powys Business Expansion Grant of £1,761.70 be approved for the applicant trading as 'Mid Wales Storage & Distribution Centre' to be paid in 2 tranches of £880.85.

**Powys Business Expansion Grant 27/12/13**

**RESOLVED** that a Powys Business Expansion Grant of £5,000 be approved for the applicant trading as 'Derwen Farm Shop' to be paid in 2 tranches of £2,500.

## Decisions taken by Individual Portfolio Holders

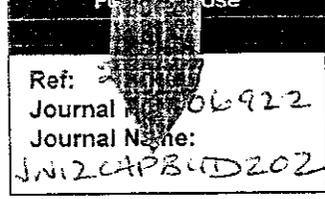
**Councillor W.B. Thomas**  
**Portfolio Holder for Highways**

### Budget Virements

**Decision Taken 6 November 2012**

<b>DECISION</b>	<b>Reason for Decision:</b>
<b>That the budget virements in respect of a site wide licence for a collaborative planning model be approved.</b>	<b>In accordance with Financial standing Orders.</b>

This page is intentionally left blank



**Capital Budget Virement Application Form**

[Please see guidance notes on page 2532 of the Intranet]

To **Head of Finance**

From Finance and Infrastructure (Directorate)  
Finance (Service)  
Clare Williams (Head of Service)  
Jane Thomas (Budget Holder)  
Sue Spencer (Project Manager)

Date 26 October 2012

**Details of Virement** (please refer to notes to ensure all the relevant details are included and extend box to additional page if required)

£35,000 required for a site wide licence for Collaborative Planning (module for budgeting with e-financials).

The current licence for 15 users now exceeded as 35 uses required within Accountancy.

Longer term aim is to extend access to all budget holders, and this will require a site wide licence.

The cost will be met from the carry forward reserve of the service.

**Budget Increases**

Scheme Name		Collaborative Planning				
Job Code		9VF080				
	Total Cost	Prior Years	2012-13	2013-14	2014-15	Future Years
	£	£	£	£	£	£
Existing Budget	0.00		0.00			
Revised Budget	35,000.00		35,000.00			
Increase Required	35,000.00	0.00	35,000.00	0.00	0.00	0.00

## Financing

Name of Scheme Reduced						
Job Code						
	Total Cost	Prior Years	2012-13	2013-14	2014-15	Future Years
	£	£	£	£	£	£
Existing Budget	0.00					
Revised Budget	0.00					
Decrease Required	0.00	0.00	0.00	0.00	0.00	0.00

Additional / New Resources						
Capital Receipts	0.00					
Grant	0.00					
Supported Borrowing	0.00					
Revenue/ Reserves	35,000.00		35,000.00			
Total	35,000.00	0.00	35,000.00	0.00	0.00	0.00

**Total Financing must match increase required above**

### Other Financial Implications (e.g. future years capital & revenue – must not be left blank)

This licence will incur 20% maintenance costs (£7,000pa). Any roll out of the software will be met from existing resources.

Approvals		Signatures	
In all cases	Head of Service		Date 31.10.12
In all cases	Head of Finance		Date 31.10.12
£25,001 - £75,000	Portfolio Cabinet Member		Date 06.11.12
£75,001 - £300,000	Cabinet Minute Ref.		Date
Over £300,000	Council Minute Ref.		Date

**FMS Updated (office use only)**  
 Accountant: Signature \_\_\_\_\_ Print Name J.C. WILLIAMS Date 1.11.12  
 Page 48  
 Copy of Authorised form returned to Head of Service

**Decisions taken by Individual Portfolio Holders****Councillor Rosemarie Harris, Portfolio Holder for Housing****Councillor Graham Brown, Portfolio Holder for Planning****County Councillor Dai Davies, Portfolio Holder for Finance****Welsh Housing Quality Standard- Tender Award****Decision Taken 4 December 2012**

<b>DECISION</b>	<b>Reason for Decision:</b>
<b>A Framework Agreement for Welsh Housing Quality is awarded having regard to the outcome of the tender process as set out in the report filed with the signed minutes.</b>	<b>To comply with Council Contract Standing Orders and EU Procurement Directives and to enable the Council to plan and execute its works programme to meet WHQS by 2018.</b>

This page is intentionally left blank

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor R.G. Brown  
Portfolio Holder for Planning**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 11 December 2012**

**Powys Historic Building Grant  
9 High Street Llanidloes**

**RESOLVED that a Powys Historic Building grant of up to £750 be offered.**

**Powys Historic Building Grant  
The Manor House, Llanfyllin**

**RESOLVED that the Powys Historic Building grant be withdrawn.**

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decision Taken 12 December 2012**

**Applications for Charitable Rate Relief**

<b>DECISION</b>	<b>Reason for decision</b>
<b>To approve the recommendations in the report.</b>	<b>In line with policy</b>

**Applications for Hardship Rate Relief**

<b>DECISION</b>	<b>Reason for decision</b>
<b>To approve the recommendations in the report.</b>	<b>In line with policy</b>

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decisions Taken 13 December 2012**

**National Procurement Service**

<b>DECISION</b>	<b>Reason for Decision:</b>
<b>That the Council commit to join and participate in the NPS in accordance with the arrangements and conditions set out in the report.</b>	<b>To support National Strategies and WLGA policy direction.</b>

This page is intentionally left blank

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**PORTFOLIO HOLDER FOR FINANCE AND PROCUREMENT**

**DELEGATED DECISION**

**06 December 2012**

**REPORT AUTHOR: Mike Green-Corporate Procurement and Business Manager**

**SUBJECT: National Procurement Service**

---

**REPORT FOR: Decision**

---

**Summary**

The Minister for Finance is leading the initiative to create a National Procurement Service for the entire Welsh Public Sector.

There have been various reviews into Public Sector procurement activity across Wales, including the Better Value Wales report in 2001 and, more recently, the 2010 review “Buying Smarter in Tougher Times”, which first suggested the establishment of a National Service for *common and repetitive spend items* on a “Once for Wales” basis. It concluded that while progress had been made in public sector procurement, greater efficiencies and stronger social and economic outcomes could still be achieved. The report recognised the challenges faced and outlined twenty three recommendations. Arguably, the most significant of these was for the development of a business case to establish a National Procurement Service (NPS) to be responsible for procuring common and repetitive spends ‘once for Wales’.

A Project Group was established to produce a business case for the development of a National Procurement Service for the whole of the Welsh Public Sector. The business case has been pursued through the Asset Management and Procurement (AMP) work-stream of the Public Service Leadership Group (PSLG) led by Tracey Lee (MD Newport City Council). Tracey Lee, who has secured a new role as Chief Executive of Plymouth Council, has now been replaced by Jon House, Chief Executive of Cardiff City Council.

At its meeting of 26<sup>th</sup> September the PSLG endorsed the Business Case for consultation.

As part of the consultation, the Business Case was presented to the Partnership Council for Wales on the 24<sup>th</sup> October. Cllr Bob Wellington (WLGA -Leader) and Steve Thomas (WLGA - Chief Executive) have expressed support for the Business Case.

On the 8<sup>th</sup> October 2012 AMP wrote to each Council seeking formal commitment to join the NPS. Such commitment is required by 14<sup>th</sup> December 2012.

This matter was discussed at Cabinet on 23<sup>rd</sup> October 2012 (where an “in principle” decision to join the NPS was made) with further discussions at Cabinet on 4<sup>th</sup> December 2012 at which Cabinet resolved that the Portfolio holder for Finance and Procurement be given authority to confirm whether the Council should become a member of the National Procurement Service.

## **Proposal**

### *Context and scope*

The Welsh Public Sector spends over £4.3billion each year (one third of its budget) on externally sourced goods, services and works. In the current economic climate, high expectations are placed on what public sector procurement can deliver for Wales in terms of wider social, economic and environmental benefits.

The activity of the NPS would be confined to ***common and repetitive spend items*** which include, stationery, office furniture, travel, ICT software and hardware, catering supplies, postal services, cleaning materials, utilities, consultancy, construction materials, and reportedly represent approximately 23% of total public sector procurement expenditure. The NPS categories do not include products or services such as social care, construction, waste management etc.

### *Potential Benefits*

It is proposed that NPS is set up on a 'category management' basis – structured so that lead officers have a good understanding of spend, future demand and the market, and develop appropriate and relevant category sourcing strategies. These are not necessarily high value or complex items – and by their very nature are often transactional. Other categories that fall outside of these areas will be managed using local and regional approaches which are outside of the scope of the NPS. Creation of the NPS will also free up resource within local procurement teams to tackle complex or high risk local procurements.

The Business Case identifies an investment of £2.4m per annum be made in the NPS – to secure a savings benefit of £74.8m over 5 years which is £34m over and above current arrangements. For Local Government, projected savings range from £6 million to £16 million per annum. It is fair to say that, in some quarters within the Local Government procurement community, even with full engagement, these projections appear ambitious. Time will tell whether they are realistic.

Cost avoidance through simplified procurement and increased compliance are other stated benefits.

### *Impact upon Local Suppliers*

Cabinet is acutely aware of the need to use the procurement of contracts to secure high quality, value for money services, whilst driving forward the regeneration and community benefits agenda through maintaining and developing, where possible, sustainable local supply chains.

An Economic Impact Assessment (EIA) Group was established by AMP consisting of representatives from the Federation of Small Businesses (FSB) representing the private sector, the Wales Council for Voluntary Action (WCVA) representing the third and voluntary sector, Unitary Authority and Welsh Government officers representing local and national economic regeneration interests. The Group was tasked with identifying opportunities and considering any potential risks that the standardisation of specifications and creation of all-Wales contractual arrangements may have for the economy of Wales.

As part of the economic appraisal contained within the business case, it showed that the economic opportunities (and benefits) of the NPS to Welsh SME's outweigh the risks. It identified that 15% of the spend areas involved currently go to Welsh suppliers.

The business case outlines that the NPS can create an opportunity to improve links with economic development activity and strengthen Welsh supply chains in the commodity areas covered by the NPS.

A recent review commissioned by the Welsh Government and conducted by John McClelland CBE, showed that stronger centralised procurement, with a focus on economic value, results in a greater level of local spend than with uncontrolled maverick buying.

#### *Impact upon Welsh Purchasing Consortium*

The Council is a member of the Welsh Purchasing Consortium (WPC). The WPC represents sixteen Local Authorities across South, Mid and West Wales.

We currently pay an annual fee of £15,000 to the WPC to fund a Central Management team of three staff. This consists of a Consortium Procurement Manager, Procurement Officer and Procurement Support Officer.

Each Member Authority contributes to the workload of the WPC by leading on specific procurement projects. The Council is currently leading on the Maintenance of Fire Safety Equipment.

The WPC currently has established 64 framework agreements for use by its member Authorities. These cover a wide range of areas ranging from highways and building products to managed services for temporary staffing. It is envisaged that 39 (approx £221m worth of WPC spend) of these current WPC arrangements will transfer over to the NPS once established.

However, the WPC have identified a potential spend of £850m across its members that could provide opportunities for contractual arrangements that would not currently be covered by the NPS.

### *Funding*

It is proposed that the NPS is centrally funded “*directly through Welsh Government budget process*” until it reaches a point of maturity; estimated in Year 3 (2016/2017) of operation; at which point it is proposed that the funding model switches to a self funding rebate from 2017/2018 onwards. The rebate model does carry the risk that suppliers will merely inflate prices in order to rebate back to participants. Care needs to be taken that the self-funding model is not an illusion.

### *The Commitment*

The Council has been asked, by 14<sup>th</sup> December 2012 to confirm our intention to:

- a) Sign up to using the NPS for a period of 5 years.
- b) Embrace an agreed management information approach; where transparency and a robust category management culture drive optimum benefits across the scope of the service; and
- c) Fully commit to using the contracts that are created by the Service. Any opt out provision would be by exception and justified to the NPS Board in advance of the tender processes commencing, to ensure its success and not dilute the benefits for other members through picking and choosing contracts. The NPS will reserve the right to exclude an organisation which makes excessive use of this exception clause.

### *Host Organisation*

Whilst the preferred operating model for the NPS is that of Central Delivery, the “host” organisation has not been confirmed at this point. The NPS will have independence from the chosen host organisation's own operation as the service will have its own governance structure with appropriate representation from all sectors.

At its meeting on the 23<sup>rd</sup> October 2012 Cabinet resolved to make a bid to host NPS to “*seek to capitalise on an opportunity to create employment opportunities in order to support economic development and regeneration within Powys*”

Hosting the NPS does bring with it a number of risks. These risks are clearly identified within the Bid Risk Register and their mitigation and management will be addressed with WG during the bid process.

The Council's bid to host the NPS was made in accordance with the expressions of interest procedure and includes a foreword by the Leader and Chief Executive, and statements of support from WPC and WLGA.

The bid has been shortlisted and will be presented by the Portfolio Holder for Finance and Procurement on 12<sup>th</sup> December 2012 to the independent panel.

### **Powys Change Plan**

The Council has a sound track record in collaborative procurement and continues to seek opportunities to work with others to exploit procurement to secure its wider policy aims. Collaboration with public sector partners is a guiding principle across a number of Council strategic change initiatives. The Council's Commissioning and Procurement strategy recognises the benefits of collaboration.

### **Options Considered/Available**

Clearly, we have the option to decline the invitation to join the NPS. In considering this option Members will be aware that the NPS is a Minister sponsored initiative which has gained a fair degree of traction across the Welsh Public Sector. It is very likely that there will be sufficient commitment to enable the NPS to be launched.

Under these circumstances, non-participation may bring economic and political challenges, in that the Council may be perceived as being "off message" regarding the collaboration agenda, and, may receive negative comment for apparently giving up the opportunity of making significant savings.

## **Preferred Choice and Reasons**

There is a sound business case for the establishment of the NPS, and it is recommended that we should make a commitment to participate. However in giving our commitment to join the service we need to ensure that this Council's best interests are protected and associated risks are addressed. We therefore need to set out conditions alongside any commitment we give, which shall include:-

- a) The final business case once the level of commitment is known still demonstrates achievable savings of a sufficient level to ensure the on-going sustainability of the service.
- b) The Welsh Government confirms their funding commitment to the service on a non-refundable basis for participating organisations and that the funding mechanism includes safeguards against suppliers inflating prices to rebate back to customers.
- c) Mechanisms be utilised to measure and track savings (and "community benefits") and a sensitivity analysis be maintained on the financial model should savings projections not be met.
- d) Strategies are adopted to ensure local suppliers are provided with fair and reasonable opportunities to bid, and where appropriate new local supply chains are developed.
- e) Arrangements are in place to ensure joint and several liability across all participants in the event of any dispute or performance issues with contractors or participating members of the NPS.
- f) The opt-out mechanism would allow us to be excluded from using individual contracts where it was clear that alternative procurement arrangements offered a proven "most economically advantageous deal" for Powys County Council.
- g) The opt-out mechanism would allow us to be excluded from using individual contracts if there was likely to be a significant adverse impact on the local or sub-regional economy.

### **Local Member(s)**

Possible implications related to local supplier impact.

### **Other Front Line Services**

All services may, from time to time, be required to provide NPS with data to support various procurement activities.

### **Support Services (Legal, Finance, HR, ICT, BPU)**

All services may, from time to time, be required to provide NPS with data to support various procurement activities.

Legal; We support the recommendation

### **Statutory Officers**

The Strategic Director, Finance & Infrastructure (Section 151 Officer) has commented as follows;

“I support the recommendation”

The Strategic Director, Law & Governance (Monitoring Officer) has commented as follows;

“I support the recommendation”

### **Members' Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>The Council shall commit to join and participate in the NPS in accordance with the arrangements and conditions set out in this report.</b>	<b>To support National Strategies and WLGA policy direction.</b>

<b>Relevant Policy (ies):</b>			
<b>Within Policy:</b>	<b>Y / N</b>	<b>Within Budget:</b>	<b>Y / N</b>

<b>Relevant Local Member(s):</b>	
----------------------------------	--

<b>Person(s) To Implement Decision:</b>	
<b>Date By When Decision To Be Implemented:</b>	

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>Email:</b>
Mike Green	6378		

**Background Papers used to prepare Report:**

**Cabinet Report 23<sup>rd</sup> October 2012**

F:\wlegal\Clarence\Reports\CABINET REPORT TEMPLATE VERSION 2

This page is intentionally left blank

**Decisions taken by Individual Portfolio Holders**

**Councillor D.E. Davies  
Portfolio Holder for Finance**

**Decision Taken 19 December 2012**

**Applications for Charitable Rate Relief**

<b>DECISION</b>	<b>Reason for decision</b>
<b>To approve the recommendations in the report.</b>	<b>In line with policy</b>

**Applications for Hardship Rate Relief**

<b>DECISION</b>	<b>Reason for decision</b>
<b>To approve the recommendations in the report.</b>	<b>In line with policy</b>

This page is intentionally left blank