

£200 million of savings for Welsh public sector with ground breaking online system

Andrew Davies, Minister for Finance & Public Service Delivery, today, (Monday 17th December) gave the go-ahead to a ground breaking project that will make the public sector in Wales the first place in the UK to have the opportunity to buy all of its goods and services online, resulting in up to £200 million in savings.

The xchangewales (cyfnewidcymru) programme will provide an all-Wales system that will allow every Welsh public sector organisation to find suppliers and order and pay for goods at a click of a button. The benefits will be lower prices, increased use of corporate contracts and paperless ordering with reduced administration. Other benefits include improved support for small to medium enterprises (SMEs).

Andrew Davies said: "This programme shows Wales at its finest, using cutting edge technology to deliver the best value possible for the Welsh pound, creating public services we can be proud of.

"By modernising the procurement and payment process of the Welsh public sector, from schools to local authorities, Wales will be the first place in the UK to deliver an electronic sourcing, ordering and payments system on a country wide 'shared services' basis.

"Without having to leave their computers, public sector bodies will be able to evaluate tenders, make orders and pay invoices

"Crucially, this system has the potential to deliver an incredible £200 million of savings over five years. This money can be reinvested back into better citizen focused services."

Each year, public sector bodies in Wales spend more than £4.5 billion on the procurement of goods, services and capital projects. Latest figures show that the value of public sector contracts won by Welsh-based companies has risen dramatically from 35 percent to 49 percent in only two years. A single internet transaction hub will help remove barriers to public sector procurement faced by some businesses and in particular SMEs.

xchangewales has already received widespread support from public sector bodies across Wales. Seventeen organisations embracing the NHS, Local Government and Higher Education, have already put themselves forward as "Pathfinders" for the programme, with others in discussion about joining. It is anticipated that the project will go "live" in spring 2008.

For more information, please call Leon Griffiths on 029 2089 8676

Notes to Editors:

xchangewales will benefit Wales by:

- ? releasing significant savings for reinvestment in the delivery of essential front-line services ;
- ? making effective use of management information created to inform future procurement decisions, increasing collaboration across the public sector;
- ? increasing the uptake of collaborative contracts through provision of a central source of contract information and catalogues, supporting the Value Wales Sourcing Strategy;
- ? establishing a standard electronic purchasing and payment system available to the whole of the Welsh public sector, which would include the Welsh Purchase Card as a payment method;
- ? providing a simplified portal, free of charge to all schools in Wales, through which they could view, order and pay for goods and services available through collaborative contracts, with estimated savings of up to £22 millions;
- ? giving organisations greater visibility, and therefore more control of their spend; and,
- ? dramatically reducing or even eliminating the need for paper documents

In addition, it would help remove barriers to public sector procurement faced by SMEs, by helping to standardise processes and reducing their costs through a single system approach, delivered at no cost to the supplier community. The programme would deliver economic development benefits by:

- ? reducing the number and complexity of systems dealt with by suppliers;
- ? reducing transaction costs through electronic exchange of orders and invoices;;
- ? enabling faster payment processes, thereby improving cash-flow;
- ? giving greater visibility of available offers, leading to more orders and helping to increase turnover and generate profit;
- ? enabling suppliers to set up and maintain their own catalogues and ensuring that product information is always up to date; and,
- ? providing, at no cost to suppliers, system set-up and training which would also prepare suppliers for dealing with e-enabled clients in wider markets.