



Llywodraeth Cymru
Welsh Government

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

6 November 2017

Dear Huw

Response to the Report of the Wales Audit Office on the Public Procurement in Wales

The Welsh Government is committed to optimising the value of Welsh public sector procurement. Effective procurement is integral to delivery of good quality front line public services and can also have a profound impact on the economy and communities of Wales.

The Welsh Government is pleased to have supported public bodies in Wales to grow their capability to secure improved outcomes through procurement. There is continued focus on building on the progress achieved and to maximise any opportunities which may be presented by the UK's departure from the EU, as well as taking advantage of the potential afforded by the Wellbeing of Future Generations Act.

The findings of the Public Procurement in Wales report are welcomed. I am pleased to offer the following response at Annex A to the seven recommendations contained within the report. I hope that this is helpful.

Yours sincerely

Sue Moffatt

Annex A

Recommendation 1

We recommend that the Welsh Government:

- **encourage public bodies to review the accuracy of the data that they provide for the Collaborative Spend Analysis project, reflecting on the issues identified in the course of our work; and**
- **explore with the further education sector and the missing Welsh Government sponsored bodies why they will not engage with the Collaborative Spend Analysis project, with the aim of all public bodies participating in 2017-18.**

Accepted

Welsh Government will review its guidance for engagement with the spend analysis project and emphasise to participating organisations the importance of verifying the accuracy of the data provided.

The 2017-18 spend analysis exercise is already underway. An invitation has been extended to the Further Education sector to participate in the exercise. Engagement with the sector will be organised to clarify the opportunities for colleges to benefit from the data analysis exercise. Opportunities for engaging Welsh Government sponsored bodies in the exercise will be explored.

Timescale and Lead

Sue Moffatt, Commercial Director, Welsh Government
31 December 2017

Recommendation 2

In taking forward its plans to merge the national Procurement Board with the National Procurement Service Board we recommend that the Welsh Government:

- **clearly sets out, for example on its website, the accountability and governance structure for public procurement in Wales, particularly in relation to the role and remit of the revised national Procurement Board arrangements; and**
- **invite representation from Welsh Government Sponsored Bodies, the Office of the Future Generations Commissioner, the third sector and from public bodies in North Wales.**

Accepted

Governance of procurement will be addressed as a part of the work to refocus the National Procurement Service and Value Wales, as announced in the Written Statement issued by the Cabinet Secretary for Finance and Local Government on 21 September.

Timescale and Lead

Jonathan Hopkins, Deputy Director, Value Wales
30 June 2018

Recommendation 3

We recommend that public bodies review their procurement strategies and policies during 2017-18 and on an annual basis thereafter to ensure that they reflect wider policy and legislative changes and support continuous improvement.

Accepted

Public sector customer feedback has indicated a desire to work with Welsh Government to develop a new approach to procurement fitness checks. As part of this process, Welsh Government can provide the necessary support to enable public bodies to put in place, maintain and update current and relevant procurement strategies.

Timescale and Lead

Jonathan Hopkins, Deputy Director, Value Wales
31 October 2018

Recommendation 4

In rolling out a new round of (procurement fitness) checks, we recommend that the Welsh Government:

- **ensure that the Procurement Fitness Checks are carried out consistently to allow for more effective benchmarking;**
- **provide guidance to public bodies on the expectations for follow-up self-assessments;**
- **work with the national Procurement Board to analyse the results and identify action that can be taken at a national level to support further improvement;**
- **include an assessment of where public bodies stand in relation to procurement policy statement recommendations – for example, that there should be a minimum of one procurement professional per £10 million of procurement spend across the wider public sector.**

Accepted

Public sector customers have advised that they wish to work with Welsh Government to develop a new approach to delivery of procurement fitness checks through a new programme for procurement. This collaborative approach, coupled with new governance arrangements, will support enhanced fitness checks and a capability development programme to deliver a new pipeline of procurement staff and develop the leadership capability which can grow procurement and commercial talent across Wales.

Timescale and Lead

Jonathan Hopkins, Deputy Director, Value Wales
31 October 2018

Recommendation 5

We recommend that the Welsh Government update its community benefits toolkit, including taking account of the WFG Act and building on lessons learned from current practice across Wales such as the use of community benefits champions.

Accepted

This work is in hand. A series of pilots are being facilitated by Welsh Government to enable public bodies to embed WFG in procurement and develop an on line system to capture the reporting of benefits.

Timescale and Lead

Jonathan Hopkins, Deputy Director, Value Wales
30 June 2018

Recommendation 6

The Welsh Government should explore with public sector partners the impact of differential pay for procurement staff across different sectors and any potential solutions.

Accepted

Customers have advised that they wish to work with Welsh Government to develop a future procurement capability programme. A future capability programme can be used as the vehicle for establishing an approach to understanding the scale of the issue and considering and developing joint solutions to addressing this recommendation.

Timescale and Lead

Jonathan Hopkins, Deputy Director, Value Wales
31 October 2018

Recommendation 7

We recommend that the Welsh Government better promote the use of the SQUID to public bodies and assess its use as part of the procurement fitness checks.

Accepted

SQUID is a standardised approach to supplier selection and its use may not be easily identified through procurement fitness checks. As part of the work to review of

National Procurement Service and Value Wales, a survey will be developed to establish the extent to which public bodies are using the SQuID and to clarify any support required to further embed its use.

Timescale and Lead

Jonathan Hopkins, Deputy Director, Value Wales
30 April 2018

The timescales indicated for addressing each recommendation are best informed forecasts at this stage, pending the impact of the work to re-focus the National Procurement Service and Value Wales, announced by the Cabinet Secretary for Finance and Local Government on 21 September.