

Grwp yr Economi, Sgiliau a Chyfoeth Naturiol  
Economy, Skills and Natural Resources Group

Dirprwy Ysgrifennydd Parhaol • Deputy Permanent Secretary



Llywodraeth Cymru  
Welsh Government

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

14 December 2017

Dear Huw,

**Response to the Report of the Wales Audit Office on the National Procurement Service**

We welcome the findings of the report and I am pleased to offer the following response to the five recommendations contained within it at Annex A. I hope that this is helpful.

Yours sincerely

A handwritten signature in black ink that reads "James Price," with a comma at the end.

**James Price**

## **Annex A**

### **Recommendation 1**

#### **We recommend that the National Procurement Service:**

- **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;**
- **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;**
- **examine whether frameworks and contracts can give more commitment to volumes and measure the appetite among members to develop joint specifications;**
- **explore the possibilities of more regional frameworks to increase opportunities for small and medium-sized enterprises; and**
- **survey its members and non-members on an annual basis to obtain views on the service it provides.**

#### ***Accepted***

The work is in hand. During the spring of 2017 the NPS offered its customers the opportunity to comment on the effectiveness of frameworks. The 17 responses received to date, supplemented by the on going dialogue facilitated by the stakeholder management team are providing key insights and observations.

The benefits of using NPS to buy common and repetitive goods and services and to encourage them to use it has been subject to a work at NPS board level. In addition, a new NPS five year procurement pipeline that has embraced this early work is now being consulted upon.

Frameworks are now being routinely examined to further embrace commitment with extensive support being provided to mini committed mini competition activity.

While NPS agreements are developed and structured based upon extensive customer and market engagement lessons learnt continue to be embraced and the NPS is now exploring regionalised approaches with its members. A recent pilot where the NPS supported seven South West Local Authorities in delivering their engineering consultancy requirements was positively received.

While as noted a member's surveys was undertaken specifically in relation to framework usage a wider annual survey to measure views on the services the NPS provides will be implemented.

### **Timescale and Lead**

Jonathan Hopkins, Deputy Director Value Wales  
30 September 2018

### **Recommendation 2**

**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.**

### ***Accepted***

In hand. The opt out process has been discussed by the NPS Board and Delivery Group. Whilst it is agreed the existing approach does not work, the NPS Board have been considering what could replace this. The Cabinet Secretary for Finance published a Written Statement of 21 September announcing work to re-focus NPS and Value Wales. This will take the form of a Review that will include a work package to agree a new process following consultation with members.

### **Timescale and Lead**

Jonathan Hopkins, Deputy Director, Value Wales  
31 March 2018

### **Recommendation 3**

**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.**

### ***Accepted***

The Cabinet Secretary for Finance published a Written Statement of 21 September announcing work to re-focus NPS and Value Wales. This will take the form of a Review that will include a work package to explore organisational agreement to a sustainable funding mechanism

### **Timescale and Lead**

Marion Stapleton, Deputy Director, Cross Cutting Strategy Team  
30 September 2018

#### **Recommendation 4**

**We recommend that in future annual reports, the NPS include in the key achievements section a summary of actual spend through its frameworks.**

***Accepted***

This work in hand and this information will be reported in the forthcoming NPS report for 2016/17

#### **Timescale and Lead**

Jonathan Hopkins, Deputy Director, Value Wales  
31 January 2018

#### **Recommendation 5**

**We recommend that NPS make members more aware of the provisions it is making through its various reporting channels to support opportunities for small to medium enterprises**

***Accepted***

This work is in hand. The NPS has commenced the production of a series of case study reports that will help raise awareness of this work

#### **Timescale and Lead**

Jonathan Hopkins, Deputy Director, Value Wales  
On going

The timescales indicated for addressing each recommendation are best informed forecast at this stage, pending the impact of the review of NPS and Value Wales, announced by the Cabinet Secretary for Finance and Local Government on 21 September.