

The Higher Education (HE) Sector is grateful to the Chair of the Public Accounts Committee for inviting comments in respect of the Auditor General's Report and in particular to the areas highlighted in the correspondence dated 19th December 2017.

The following comments are those of the Higher Education Purchasing Consortium, Wales (HEPCW) and its members. Other HE Sector stakeholders may have different views.

Q1. The Welsh Government's leadership role for public procurement in Wales including, for example:

– the overall impact of the 2015 procurement policy statement

HEPCW welcomes the leadership role for public procurement in Wales that Welsh Government performs. HEPCW members support the principles that have been and continue to be developed to ensure that value for money is obtained and procurement is conducted professionally and on an ethical and sustainable basis.

The majority of the themes and practices identified in the 2015 policy statement have been adopted by HE institutions in Wales, although the extent will vary amongst institutions dependent upon the available resources. In some instances, the spirit of the Policy Statement will be adopted as opposed to strict compliance with the Policy Statement wording. As an example, the use of the Community Benefits Tool has not been widely used, however all institutions that have identified Community Benefits as part of the project business case are actively reporting the benefits delivered, albeit via different reporting regimes.

– the planned 'Programme for Procurement' and actions that the Welsh Government is taking forward to review the fitness of individual public bodies' procurement arrangements, to promote eprocurement

A key area of the Policy Statement was the need for a programme of regular assessment through which public sector organisations can measure their respective procurement maturity. The HE Sector has completed an initial round of assessment and all institutions are currently implementing action plans to address the recommendations within each institutional report. HEPCW and its members recognise the benefits that the Procurement Fitness Checks (PFC) can facilitate, and would wish to see continued central funding for the PFC programme.

Each institution is currently at varying stages of deployment of e-procurement tools but there is a continuing increase in the uptake of the range of e-tools. The institutions are predominantly utilising e-tools made available through the Value Wales e-Procurement Service. The HEPCW institutions recognise the criticality of detailed expenditure information to all forms of collaborative procurement. The HEPCW members have recently agreed in principle to fully adopting the same expenditure data solution as used by NPS ('Atamis'), with the intention of enhancing the level of information available to the sector and making this data easily available to NPS.

HEPCW therefore hopes that Welsh Government will continue to support the provision of a data analysis solution such as Atamis.

– issues relating to access to the recruitment and retention of key procurement capability.

Recruitment and retention of procurement capability has been and is likely to continue to be challenging in the current financial and student recruitment environment.

Institutions are competing with other bodies both within the public and private sector for scarce professional procurement resources. Strict remuneration schemes and reduced opportunities for permanent positions present further challenges. It is therefore vital that institutions can be in a position to offer opportunities that provide stimulating roles with opportunities for professional and personal development at competitive salaries and succession planning. Overly bureaucratic processes and increasing amount of policy considerations need to be balanced to ensure that capability remains committed and enthusiastic.

In recent years, Value Wales has provided access to a subsidised procurement training programme and procurement trainee talent pool. Both of these were beneficial to the HE Institutional Procurement functions and the re-introduction of these initiatives would be very beneficial to the Welsh public sector.

HEPCW's view is that Value Wales should be supporting the sectors in developing appropriate training to support the delivery of key aspects of Welsh Government policy. As an example, the assessment of supply chains to identify instances of unethical practice is complex and challenging. It is unlikely that many procurement professionals feel adequately equipped to undertake this role.

**Q2. The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.**

HEPCW's views are that national governance arrangements have to some extent been successful but in other aspects has failed to achieve the objectives. From the HEPCW perspective, the Terms of Reference of the respective forums are such that a HE Sector representative is unable to perform the role to its fullest extent. Due to the nature of the HE Sector, with all of the institutions being autonomous bodies, there is no one individual who can commit the sector to a course of action. If other sector representatives are in a similar position then the respective forum will face challenges in delivering its objectives.

In particular with the NPS Board, HEPCW believes that its role is not that of a functional board but more of an advisory group, which diminishes the potential for scrutiny and endorsement of the NPS activity from senior external stakeholders.

It is also HEPCW's experience that the sector representatives on the Procurement Board and NPS Board in many cases were the same person. Previously NPS business has also been prominent on the Procurement Board agenda, and this has led to a degree of duplication.

HEPCW is also of the view that whilst the Wales Procurement Policy establish an environment for good practice procurement, it should be recognised that there may be other pressing factors (STEEPLE) that can have significant influence on procurement decisions.

**Q3. The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.**

HEPCW is one of 6 regional procurement consortia that support the UK HE Sector, Along with 2 other specialist category consortia for catering/food and energy. All of the higher education consortia participate in the management and delivery of a UK-wide collaborative contracting portfolio which provides access to over 100 commercially effective collaborative framework agreements across a range of category areas.

Consortia collaboration within the HE Sector is mature and robust, and enables HEPCW members to benefit from sector-specific contracting arrangements based on the aggregated leverage of the UK HE Sector.

As noted by the Wales Audit Office review, HEPCW member institutions have reported that HEPCW provides a satisfactory service.

From the inception of the National Procurement Service, HE institutions signed up to supporting the NPS on the basis that they were unable to commit to using NPS Agreements. This was due to a number of reasons, including:

- the HE sector has in place a mature, effective and very extensive collaborative contracting portfolio covering all key expenditure commodities, all developed specifically by and for the UK HE sector. This contracting portfolio is let and managed through a concept of ‘mutual contribution and benefit’ i.e. the regional consortia and their member institutions all contribute to the development and management of the overall contract portfolio.

HEPCW manages a number of national Framework Agreements on behalf of the sector and believes that it is appropriate to continue to provide this contribution to the sector’s procurement solutions.

- in many instances there are greater synergies with the UK HE Sector than with other public sector bodies in Wales.

- HEPCW members will require access to collaborative agreements in categories that are not managed by NPS. Specific category expertise is available in the HE Sector.

- The sector did not support mandating the use of specific framework agreements, as this decision would be left to the discretion of each institution. HEPCW members’ view is that the adoption of any agreements should be based on identifying and adopting the framework that provides the best commercial and operational benefit to the institution in question as opposed to its use being mandated, irrespective of whether other agreements can offer better value.

It should be noted that the NPS has understood and accepted the position regarding HEPCW members and the benefits accrued from their active contribution to and benefit obtained from the UK HE collaborative arrangements.

HEPCW has been and remains appreciative of the pragmatic NPS approach to the sector's broader strategic alignment, and believe this approach should remain unchanged.

As a consequence of the manner in which the UK HE sector collaborates on its approach to procurement, HEPCW members are far less dependent on the NPS arrangements than other sectors that no longer are supported by sector specific consortia within Wales.

In terms of the role and development of the NPS, HEPCW's view is that change is required if NPS is to be successful, and that lessons learned from the last 4 years are actioned. Some areas for further consideration include:

- Is the original business case still valid?
- Is the funding model appropriate?
- Is the NPS portfolio too broad and is it covering commodities that are not strategic, critical or indeed relevant to those sectors with the highest expenditure.
- NPS should ensure its frameworks are focussed, competitive and delivered with clear, concise routes for buying organisations to call-off from - HEPCW firmly believes that increased uptake of NPS frameworks would be easily achieved if NPS frameworks were clearly competitive, relevant and easy to access.
- Clarifying the role of NPS - is it part of Welsh Government or an independent central purchasing body (the lines are possibly blurred due to the dual responsibilities of the NPS Director).
- Are the respective roles and NPS and Value Wales clear, with well defined strategies and objectives?
- What is the most appropriate means of collaboration e.g. is the All-Wales, cross-sector approach always preferable?

It is also HEPCW's view that NPS can have an important role in supporting its members implement aspects of the Code of Practice: Ethical Employment in Supply Chains.