

I am writing in response to your letter to Kevin Ingram of 19 December 2017 asking for views on public procurement in Wales, specifically the Auditor General's Reports and points highlighted in the letter. I am responding on his behalf.

I can confirm that Natural Resources Wales (NRW) agrees with the findings and recommendations from both the National Procurement Service (November 2017) and Public Procurement in Wales (October 2017) reports. Both of the Reports were looking to examine whether there is evidence that current procurement arrangements are helping to deliver value for money and are fit for the future. Although we agree with the recommendations, as far as they go, it does not appear to be possible from the Reports to take a view on the 'value for money' and 'fit for the future' questions.

Some key overarching concerns lie in the need for greater clarity on the scope and role of the National Procurement Service (NPS) and improved communication when policies or approaches change. Greater consistency is required in policy and governance across all Public-Sector bodies as well as improved effectiveness and shared learning. More innovative thinking is needed and an examination as to whether the Framework approach adopted by NPS is yielding the best value for money or maximisation of the Well being objectives.

In response to the specific points highlighted:

The overall impact of the 2015 Procurement Policy Statement;

The overall impact of the 2015 Procurement Policy Statement was diminished by the absence of established metrics for Public Bodies to report against. It did however provide a framework under which the Public Bodies in Wales could establish their own policies whilst providing a consistent approach to procurement as far as the public and supply chain are concerned. A new policy statement, as indicated by NPS, has been anticipated for nearly 12 months and this may well have impacted on organisations reduced drive to progress in this area whilst waiting for a potentially new approach and direction.

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 e-procurement; and

There was little information released on the planned 'Programme for Procurement' prior to the announcement of the review and therefore we are unable to comment on this specifically. The programme for fitness checks hasn't been clearly

communicated. NRW was involved in a pilot of the 2nd round but the third-party checks and assessment of content was delayed.

The recommendations from the pilot weren't undertaken and clarification is still required on several of the sections for the fitness check to be a reliable and accurate reflection of a public-sector body's progress.

Although a very effective tool internally to drive forward best practice the lack of coordination of the fitness checks programme discouraged public bodies from pursuing this externally.

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

NRW agrees with the issues raised in the Public Procurement for Wales Report where it states "Public bodies have experienced long-standing issues with the recruitment and retention of suitably qualified procurement staff, exacerbated by some parts of the public sector offering more favourable terms and conditions", although recruitment is more of an issue than retention for NRW.

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.

There has been, historically, a lack of visibility and sharing of information on governance arrangements and best practice across Public Sector Bodies, the NPS and Welsh Government Procurement Functions, although this has improved recently.

The measure of spend in Wales, although an effective statistic in identifying the multiplier effects achieved because of activity undertaken by NPS, is not a factor that NPS has any control over given the Public Contract Regulations 2015 and the need to advertise and engage more widely.

NRW is very interested in the Cabinet Secretary for Finance and Local Government proposal to fill supply voids. Will additional funding be available to assist suppliers in Wales to tender more effectively for Public Sector Procurement contracts?

NRW supports plans to merge the NPS Board and the National Procurement Board as historically there has been a conflict in objectives and approach leading to a lack of effectiveness. NRW suggests a review of scope and clear communication as to the role of this board to the wider public sector.

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.

NRW supports the recommendations listed from the Report on the National Procurement Service with more details provided below. NRW wholly supports and embraces the arrangements undertaken and provided by the NPS and supports collaborative procurement in generic and commonly sought products and services. More development needs to be undertaken with sponsored bodies to ensure that the resulting frameworks meet the requirements of these bodies through correctly and collaboratively engineered specifications.

National Procurement Service Report (November 2017)

NRW endorses all elements of Recommendation 1, especially parts C & D.

NRW supports the review of the opt out process highlighted in Recommendation 2 and highlights mixed messages and poor communication regarding the continuing need to apply to opt out as being a key failure in this area of late. The opt out process needs to be simple and needs to be authorised within the public-sector organisations themselves rather than need approval by NPS.

Although supportive of Recommendation 3 and the need to effectively fund the NPS, any solution needs agreement of member organisations.

Recommendation 4 identifies a need for clarity within the NPS annual report. NRW strongly supports this and suggests additional due diligence is required on the claims made within the annual report. In addition, the savings identified are often not realised by the public sector organisations using the frameworks and a review of the use of the 'Efficiencies Methodology' and a calculator tool for public sector organisations to calculate the savings based on their own baseline figures is essential.

NRW supports Recommendation 5 but seeks further assurance that SMEs are being engaged with in line with the Opening Doors Policy.

Public Procurement in Wales (October 2017)

NRW supports Recommendation 1 but moreover requests that the NPS clarify the scope of spend data required and works with each public-sector body to ensure due diligence on sample data sets provided to ensure consistency. Further evidence of the benefit of the spend analysis tool should be demonstrated before the wider sponsored bodies will be expected to engage. For those with relatively

small spend, further refinement of analysis and categorisation of spend is required for the tool to be useful to all stakeholders.

NRW supports Recommendation 2 and is keen to see further cross sector representation and clarity on roles and responsibilities to ensure consistency across the public sector for the benefit of the supplier base and public purse.

NRW supports Recommendation 3 but calls for greater clarity on the minimum requirements expected from organisations Procurement Strategies for consistency. NRW welcomes the need to review annually as an overarching approach.

NRW endorses Recommendation 4 and further to the comments detailed above would welcome a strong, structured, consistent and well communicated approach to the Fitness Checks that enables public sector organisations to benchmark themselves. There needs to be acceptance that not all public-sector organisations operate their procurement approaches in the same way, i.e. they may not have adopted a category management approach, and care should be taken not to penalise these organisations when they are adopting best practice in their chosen approach.

NRW is currently undertaking a pilot to demonstrate how the Well-being Objectives can be delivered through good procurement and supply chain involvement. A substantial contributor is from Community Benefits and NRW encourages the adoption of Recommendation 5 as a requirement to deliver maximum value for money.

Although NRW recognises the issues highlighted in Recommendation 6, more clarity is required as to why NPS struggle to recruit and retain when their reward package is significantly better than other public sector organisations. The focus should not only be on technical development but also leadership and management.

NRW uses the SQUID for all procurements over £25k and encourages further promotion of the tool as highlighted in Recommendation 7. More engagement with public sector bodies for continuous improvement of this tool would be welcomed.

I hope that the views of NRW help to support your inquiry into public procurement in Wales. If there is any further information required then please let me know.