

Thank you for your letter dated the 19 December 2017, relating to the review of Public Procurement in the Welsh Public sector. I would firstly like to thank you for the opportunity to comment on the report, and specifically to address the points raised in your letter. This response covers the views from NWSSP and we would welcome the opportunity for further discussion on the points raised.

## 1. The Welsh Government’s leadership role for public procurement in Wales.

the overall impact of the 2015 procurement policy statement

1. Strategic		NWSSP Response
<p>Welsh Government will:</p> <p>set out a 'maturity model', against which development of procurement can be measured across the Welsh public sector.</p> <p>Facilitate a Procurement Fitness Check Programme, to include a self-assessment model for eligible organisations</p> <p>Provide a standard template against which public bodies will report the outcome and progress against action plans.</p> <p>Provide access to policy, advice and resources which enable public bodies to improve procurement outcomes.</p>	<p>The Welsh public sector will:</p> <p>measure themselves against the maturity model, by undertaking an annual Procurement Fitness Check and reporting the recommendations and action plan progress to Welsh Government.</p>	<p>The principle of procurement being recognised as having a significant role to play in extracting both financial and non-financial benefits from the significant £5b spent within the public sector in Wales was very welcome. The specific intent to provide a maturity model emanated from the first work that was conducted on the fitness checks, which themselves was a feature of the McClelland review. The initial approach to undertaking the fitness checks had some flaws as they were undertaken by two separate organisations, nevertheless there was an attempt to bring some degree of consistency of consideration of these together. In the intervening</p>

		<p>period, there has been limited activity undertaken using this as a model for comparison and across the Welsh public sector little has emanated from this work. We believe the intention was to implement a further process of self-assessment for those organisations, who were deemed sufficiently mature, against a new model that was to be developed; however, this has not transpired either. NWSSP have worked to address those areas that were agreed as part of our improvement plan. The work around policy work has also been limited although we fully support the positive work that has been undertaken around joint bidding, modern slavery and future generations.</p>
<p><b>2. Professionally resourced</b></p>		
<p>Welsh Government will:</p> <p>Promote adoption of a procurement competency framework setting out qualifications, experience and expertise that will support a structured</p>	<p>The Welsh public sector will:</p> <p>Ensure adequate skills and resources are in place to carry out effective procurement and contract management.</p> <p>Where gaps are identified</p>	<p>All within the Procurement profession welcomed this; however, the progress to develop a national competency framework has been slow. Internally within the NHS, we have made some progress on this.</p>

<p>procurement career.</p> <p>Provide routes to training and development, including those, which enable public bodies to cultivate professional procurement and commercial expertise.</p> <p>Drive forward the shared services programme, enabling public bodies to utilise resources to best effect.</p>	<p>within organisations, consider opportunities to share expertise across organisational boundaries</p> <p>have a procurement training strategy, which addresses resource and skills gaps, and share this with Welsh Government to support future skills development strategy.</p> <p>Incentivise procurement officers to maintain their continuous professional development.</p>	<p>Over the last few years, the central Value Wales funding to support training &amp; development programmes has reduced and this has come at a time when recruitment and retention remains a significant challenge to many in the Welsh public sector procurement profession. The ambition to support a shared collaborative model has really only manifested itself within the NHS, with the establishment of a shared service model to take advantage of both economies of scale and skill and this has clearly derived a number of benefits since its inception. As part of the programme of bringing NHS Procurement staff together under a shared services model, it was recognised that there was a clear difference in the extent to which training and development of staff had been undertaken. NWSSP has needed to invest significant additional resources in wider training and development, but particularly professional training underpinned</p>
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		<p>through attainment through CIPS. This approach is being taken forward in partnership with the University of South Wales (UoSW) and University of Bangor. In addition, more recently this investment has extended into a wider support of a Masters programme, which is now CIPS, accredited. An informal partnership of training with UoSW is being developed with a number of students spending time on placement programmes within NWSSP. The development of NPS has also appeared in the intervening period, and whilst this has helped to address some aspects of the demand, there has been a disparity in pay, which has further been fuelled by the salaries offered within the NPS in comparison to those in other parts of the Welsh public sector. There are clearly still differences in pay across the Welsh public sector, something picked up within the audit report. Although it is unclear how this is to be addressed going forward, particularly</p>
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<p><b>Economic, Social and Environmental Impact</b></p>		
<p>Welsh Government will:</p> <p>Maximise the opportunities presented by the revised EU Procurement Directive to drive economic, social and environmental impact provide leadership, guidance and tools on</p>	<p>The Welsh public sector will:</p> <p>Provide leadership on procurement best practice use a whole life costing approach to procurement decisions, taking account of the long-term impact.</p> <p>Be proactive in managing</p>	<p>This is an area where there has been some progress within Welsh Government, providing advice and guidance around joint bidding strategies, Modern Slavery, Future Generations and continued development of tools to</p>

<p>procurement best practice.</p> <p>Issue updated policy guidance on ethical procurement issues including but not limited to the opportunity to reserve contracts for suppliers with a workforce of 30% or more disadvantaged workers the opportunity to reserve contracts for suppliers with a social ethos e.g. Cooperatives and Mutuels at first tender.</p> <p>Impact of the Modern Slavery Act on supply chain management.</p> <p>Provide intelligence on the make-up of the Welsh Economy to support development of</p>	<p>suppliers, considering the whole supply chain.</p> <p>Identify areas of expenditure, which can be reserved for suppliers with a workers.</p> <p>Identify areas of expenditure which can be reserved for suppliers with a social ethos e.g. Co-operatives and Mutuels at first tender.</p> <p>Apply the Sustainability Risk Assessment to all procurements above £25,000</p>	<p>support this, including SQuID and Sell2Wales functionality.</p> <p>Some best practice guidance has been issued to support this. NWSSP have included sustainable risk assessments to all procurements above £25k</p>
<p><b>4. Community Benefits</b></p>		
<p>Welsh Government will: provide Community Benefits policy; strengthening support available on the ground and challenging the application</p>	<p>The Welsh public sector will: appoint a community benefits champion for their organisation and advise Welsh Government apply a Community Benefits approach to all public sector procurements apply the Measurement Tool to all such contracts over £1 m, as a minimum.</p> <p>Provide justification for all</p>	<p>Again, this has been an area under development, where work has been done, but further work has been requested, particularly given the experience and the practicalities of identifying community benefits across a number of areas. Whilst some progress has been made on this, there would be an opportunity to develop</p>

	contracts valued above £1m where the approach has not been used	further work through a measurement tool that has been requested.
<b>5.Open, accessible competition</b>		
<p>Welsh Government will: provide <a href="http://www.sell2wales.co.uk">www.sell2wales.co.uk</a> including the SQuID common question set.</p> <p>Provide Leadership, guidance &amp; tools on best practice procurement approaches</p> <p>Improve information on forward programmes by maintaining publication of the Wales Infrastructure Investment Plan.</p>	<p>The Welsh public sector will: amend standing orders to require advertisement of all contracts over £25k on <a href="http://www.sell2wales.gov.uk">www.sell2wales.gov.uk</a>.</p> <p>proactively publish their forward contract programmes on their website</p> <p>Use appropriate 'lotting' strategies.</p> <p>Apply the SQuID approach as standard to supplier selection. Publish contract award notices on <a href="http://www.sell2wales.gov.uk">www.sell2wales.gov.uk</a></p> <p>Ensure procurements are available and accessible to all – including collaborative bids (i.e. consortia) Promote fair payment</p>	<p>Again, this has been an area where development has been supported with the Sell2Wales website, the development of the SQuID into the SQUIZARD and further guidance and support with this. This has been an area where NWSSP has been particularly proactive in embedding the SQuID tools through the Bravo technology, which is also supported through Welsh Governments eStrategy Programme (albeit this has now come to an end, and it is unclear and uncertain as to how, if at all this will be taken forward). The benefit of this to SMEs in Wales will continue to develop, particularly as lotting strategies and payment terms continues to support small businesses.</p>
<b>6.Simplified Standard Processes</b>		
<p>Welsh Government will: develop and promote</p>	<p>The Welsh public sector will: adopt and embed common</p>	<p>The investment in eProcurement tools was</p>

<p>simplified approaches to procurement based upon the adoption of common systems and processes, including the Welsh e-procurement service, that reduce the cost of doing business.</p> <p>year change programme to accelerate e-trading monitor the adoption and impact of these approaches.</p> <p>Provide structured support to public bodies to undertake business change management to support effective utilisation of e-procurement</p> <p>Provide a single point of contact for supplier feedback</p>	<p>procurement approaches.</p> <p>Make best use of available e-procurement tools</p> <p>measure themselves against the eProcurement Maturity model and eProcurement as part of the annual procurement fitness check process</p> <p>Encourage supplier feedback on ease of process and channel through to Welsh Government</p> <p>Pay all correct invoices on time Use Project Bank Accounts where appropriate</p> <p>Adopt a 'no purchase order no payment' policy for all</p>	<p>highlighted through the simplified standard process under point 5, whilst the investment has been welcome, the end of the programme does at this moment in time still cast a shadow of uncertainty as to how this will be taken forward. This is clearly an important plank to support procurement activity across the Welsh public sector. Whilst there has not necessarily been the level of consistency of approach by organisations that Welsh Government would have wanted; this nevertheless represents the status of the position across the wider public sector. It is fair to say that organisations including the NHS have been slow to adopt some aspects of the policy, including a No PO No Pay policy. Although this has now been agreed and work is finally in train to take this aspect forward from an NHS perspective.</p>
<p><b>7.Collaboration</b></p>		
<p>Welsh Government will: deliver collaborative contracts and frameworks through National</p>	<p>The Welsh public sector will: participate in the National Procurement Service for the benefit of Wales and their</p>	<p>This clearly focuses on the establishment of NPS, and whilst this is taking place and provided a level of</p>



<p>Procurement Service to the value of 2.2bn over the next 2 years.</p> <p>Support collaboration and the wider shared services agenda</p>	<p>individual organisation.</p> <p>Consider opportunities for further collaborative procurement initiatives</p> <p>monitor and report on engagement with NPS and other collaborative initiatives</p>	<p>professional procurement function within the Welsh public sector, the delivery of the perceived benefits through the business case and subsequent challenges the organisation has faced have fallen somewhat short to the expectations.</p> <p>Nevertheless, this is part of the wider consideration as to how this will be addressed and taken forward in the future.</p>
<p><b>8.Supplier Engagement and Innovation</b></p>		
<p>Welsh Government will:</p> <p>Provide clear policy direction on procurement best practice in support of public Wales adopting approaches to procurement that are informed and influenced by feedback from the supply chain.</p> <p>Provide business support to suppliers through the Business Wales service</p>	<p>The Welsh public sector will:</p> <p>publish a single electronic point of contact for supply chain queries.</p> <p>Ensure de-briefing provides adequate tender feedback.</p> <p>use outcome based specifications where appropriate to encourage business innovation use pre market engagement where appropriate</p> <p>Regularly publish contract award notices</p> <p>consider opportunities for using new innovation partnership provision of the</p>	<p>The approach to this has generally improved with both NPS and public sector organisations having a significant degree of engagement with suppliers through a variety of approaches. The support through the business Wales service continues to less effective than it could be and more focused around the support organisations requirements, this situation, which has manifested itself for a number of years and has not been addressed. The wider issues identified within the Procurement Policy Statement for</p>

	Public Contract Regulations ensure regular contract performance management	organisations have generally been followed and supported, and various formats and events take place to support SMEs and wider organisations.
<b>9. Policy Development and Implementation</b>		
Welsh Government will:  consult with social partners and other relevant stakeholders on matters, which may be influenced through public procurement policy. Utilise the general designation on procurement to issue procurement guidance in the form of regulatory requirements for	The Welsh public sector will:  Deploy the procurement guidance issued in all relevant contracts.	As previously stated there has been progress made around guidance on joint bidding, modern slavery and future generations, although the applicability of this and the ability to translate this to practical issues has been somewhat short of ideal. An example being the need to train staff across the Welsh public sector in Modern Slavery and this clearly lent itself to a consistent package of training, which could have been developed once for wales, however, this is a missed opportunity, albeit attempts are being made to address this. Welsh Government through both Value Wales and the NPS have engaged with social partners to support key procurements.

10.Measurement and Impact		
<p>Welsh Government will:</p> <p>provide a standard framework of procurement measures that are proportionate and demonstrate engagement with the WPPS.</p> <p>Collate information and report to the Minister for Finance &amp; Government Business and Procurement Board for consideration in future policy development</p>	<p>The Welsh public sector will:</p> <p>Complete an annual return to Welsh Government of procurement outcomes, achieved through procurement</p>	<p>It was intended this would identify a range of KPIs that could be consistently measured across the Welsh public sector, this has not taken place so although organisations including NWSSP developed a range of KPIs across P2P and the wider programme, which continued to be measured and reported. This is an area that has merit and should be further developed especially to help learn lessons. Nevertheless, it would be felt that this was still something that was merited and should be continued with and supported.</p>

ii. **Actions that the Welsh Government is taking forward to review the fitness of individual public bodies’ procurement arrangements, to promote eprocurement; and issues relating to access to the recruitment and retention of key procurement capability.**

The programme for undertaking Procurement Fitness Checks appears to have stalled and little progress has been made over the last year in relation to taking them forward following the original tranche of assessments. Following on from the initial work there was an expectation that there would have been a cohesive programme of activity undertaken to review the outputs across the public sector to identify the opportunities highlighted, which would promote the sharing of best practice and key learning and perhaps a further programme would have been developed centrally to fill any emerging priorities. From an NWSSP we have continued to develop our own Procurement development programme and

functionality, which addresses many of the issues raised within the original fitness check review and subsequent action plan.

As far as the eProcurement activities are concerned, the NHS through NWSSP have embraced a comprehensive suite of tools that are widely and consistently used within NHS Wales. This includes the Oracle Finance and Procurement system, which runs across all NHS organisations and has been implemented on a single instance multi-organisational structure, with a Standard Chart of Accounts and Coding that underpins the whole system. This adequately aids significant reporting and enables us to integrate down to order line detail. In addition to this, NWSSP access the Bravo product through the Welsh Government Contract for all its contracting activity, as well as using the Sell2Wales, Dunn & Bradstreet and Procurement Cards through the same arrangements. In addition to this, we have a number of supportive technologies through companies who provide electronic trading functionality, for both order, transmission and invoice receipting. This gives us a comprehensive suite of eTrading tools as well as reporting functionality through Oracle into our Qlikview system.

Further clarity is needed with regard to the future of the Welsh Government contract and central programme, which has for a number of years supported the use and introduction of a number of these e-procurement tools.

The recruitment and retention of key procurement capability remains a significant challenge for NWSSP and it continues to be highlighted as a significant risk within our risk register. It has been evident for a number of years that despite additional investment in continued training and development programmes, the retention of staff remains a significant problem once staff have attained their professional qualification or more worryingly these days there is an increasing demand for part qualified middle grade staff who have in our case gained a wide range of experience across a number of areas of the organisation. This predominantly manifests itself in the professional frontline procurement and sourcing teams, although professional drivers of HGVs to support our supply chain operation are equally problematic. It must be noted that the challenge of recruitment of professional procurement staff is not unique to the NHS Wales or indeed the Welsh Public Sector. We are aware from our extensive network of contacts across the wider UK that this is an ongoing problem and in some parts of the country particularly London there are on average 50% of the senior procurement staff on interim contracts through agencies because of the problem recruiting staff to substantive posts.

The audit recommendation to review this is welcomed along with any initiative or recommendations that would help address this problem. However, there will need for very careful consideration of the national terms and conditions of employment contracts, which particularly underpin the NHS position, and whilst this may not be insurmountable, it is a factor that will need careful consideration along with the potential to push up the employment rates within the recruitment market. Working with the NHS Finance colleagues and NHS workforce colleagues we have committed to review the options for Procurement within the NHS including the potential introduction of a recruitment premium, which we believe is being offered in some other parts of the public sector, but was not a feature of the NHS terms of conditions of contract through Agenda for Change. Further work to highlight and understand the extent of the problem is needed.

iii. 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.

The statement by the Cabinet Secretary for Finance to review the NPS and National Procurement Boards is welcomed and fully supported by NWSSP who have actively participated in both Boards over the past few years. Holding a review at this point seems very sensible and offers an opportunity to look at what governance arrangements are appropriate and how these should be shaped to drive procurement across the Welsh public sector for the near future.

iv. 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.

From an NHS perspective, the establishment of NWSSP and the partnership model has been a catalyst for the significant and further development of the collaborative arrangements, which underpin many of the support services provided to NHS Wales. In particular, there has been a history of closer working across the procurement arena, which has been further strengthened and built upon over the last few years when the NHS has taken advantage of economies of scale, skill, consolidation and standardisation of systems and processes. The added momentum and benefit of incorporating the Accounts Payable, procurement and supply chain functions have clearly started to bare significant fruit and now forms an integral important part of the wider P2P operation within NHS Wales. The savings delivered under NWSSP are substantial and bare testament to a number of improvements in the operating effectiveness of a range of services including

management of a single electronic catalogue for Wales, the development of e-Trading circa now approaching 90% across NHS Wales, and the development of a range of KPIs and reporting activity. There has also been significant investment in the development of staff to support the challenges that we face, but also to attempt to address some of the recruitment and retention issues previously covered. The implementation of standard operating processes and procedures has also provided a solid basis on which to development and this remains part of a wider programme of activity underpinned by the further development of the No PO No Pay policy, which is now part of a work stream through the Finance Academy across NHS Wales. The wider collaboration both within the Welsh public sector and indeed further a field, where deemed appropriate continues to be an important part of the work that has been undertaken and the NHS Procurement strategy that was developed through 2017, highlights and points to a number of initiatives and issues which form part of our 5 year programme of activity. NHS Wales has welcomed the development of the NPS and as members of the project team helped contribute towards the development of the initial Business Case and the proposed setup of the organisation. It is probably fair to say that the introduction of the NPS has had a mixed reaction and it has been a “difficult birth” especially given the delays in delivering the expected framework contracts and potential savings. That said more recently the NPS has begun to deliver a number of arrangements which should provide benefit to the wider public sector going forward and the principle of collaboration and ‘Once for Wales’ is fully supported. Taking the NPS forward remains a challenge especially with an extensive customer base with a mixture of requirements and demands. It is timely to review and reflect on the NPS and consider those areas on a national or regional basis that the NPS can deliver best value and impact.