

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Caerphilly County Borough Council

Thank you for your recent correspondence and invitations to attend the Public Accounts Committee on 5th February 2018. As requested, please find below response from Caerphilly County Borough Council ('Caerphilly').

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

- The overall impact of the 2015 procurement policy statement:

There is little if any impact of the Wales Procurement Policy 2015. The main impact came from the 2012 Policy Statement. At the time of publication the 2015 statement was considered a holding statement which required a comprehensive review due to the lack of consultation and key policies which would impact Strategic Procurement. At the time of publication Local Government was promised a full review following full consultation. There has been no review or consultation since 2015.

It is felt that the current statement lacks innovation and is impractical in parts. This is a key policy for Procurement in Wales which should set the tone and direction of travel for Public Sector Organisations, the Procurement Professional and Welsh Supply Chain.

Going forward the new policy statement needs to adequately reflect key policy documents such as the Wellbeing and Future Generation Act, Social Services and Well being Act and Ethical Employment (Code of Practice). Any future Policy Statement needs to be evolving with periodic updates. We are currently in a period of change due to digitalization, Brexit and uncertain financial markets therefore a static policy will hinder progress rather than nurture it.

- The planned 'Programme for Procurement:

This planned programme has yet to be published. To date there has been limited consultation on the programme. Again, this is a key document for the future of Procurement within Wales and the Welsh Supply Chain.

It is vital that the programme is structured to drive innovation, facilitate improvements whilst encouraging better dialogue and flexibility with our Supply chains. It should assist in the reduction of supply voids within Wales as well as fostering organic growth with current providers.

The programme needs to address key policies such as Wellbeing and Future Generation Act, Social Services and Well being Act and Ethical Employment (Code of Practice)

- **Actions that the Welsh Government is taking forward to review the fitness of individual public bodies.**

The principles of the Welsh Government ('WG') Procurement fitness check were well intended however; due to the inconsistent approach taken by the review process they lost their credibility. It appeared that there was limited thought to what would happen at the end of the fitness check process and no plans for future development irrespective of organisation outcome.

At best the process has brought individual benchmarks for organisations; however, the real benefits were lost. The possibilities for collaboration, sharing of best practice and innovation were never capitalized. This was a lost opportunity for the Welsh Public Sector.

I am not aware of plans to repeat the process however if they were to be recreated then an alternative method of assessment should be considered with a clear object of "next steps" following the review. The WG needs to be clear on the desired outcomes for such reviews such as continuous development of the procurement activity in Wales to bring about, best value which support, Social Value, Value for Money and Regeneration (just to mention a few)

- **e-procurement**

Welsh Government ('WG') invested large amounts of money on the development and implementation of e-procurement. The take up as been inconsistent and frustratingly slow in some organisations. WG provided various funding opportunities to facilitate change however; individual institutions have failed to capitalize on the support. Caerphilly was the first local authority in Wales to embrace end to end eprocurement and adopt the WG electronic market place.

Caerphilly currently operates the WG electronic market place but all other elements of e-procurement are separate to the WG offering due to the integrated nature of our IT systems. Caerphilly has a mature eprocurement system which is business critical. It is vital that WG provides clear guidance going forward on the funding of the WG Market place as loss of this element will be detrimental to the Public Sector business operations and our Supply Chains. Unlike many organisations Caerphilly has funded the development of eProcurement locally (apart from the Marketplace) this was due to the restrictive

rules on systems use imposed by WG. Going forward any funding should be equitable to all irrespective of System provider.

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

There needs to be a fresh approach to recruitment and retention of key procurement personnel. In recent years due to large budget cuts local authorities have seen a diminishing resource in relation to the procurement professional. Procurement is a vital element of any business. If Wales is to succeed in building for the future we need a programme of investment in a modern procurement professional. We require a more commercial awareness, a strategic approach with continued professional development.

In recent years Local Government have recruited and invested in good professionals however, the retention has been difficult with many moving on to new opportunities outside of Wales.

During the development of the NPS a limited amount of experienced Welsh procurement Officers were offered roles in the new organisation which suggested limited opportunities in Procurement in Wales. This had a detrimental impact on Welsh Procurement and also the impact and success of the NPS.

- 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.

This is a positive move, however, procurement will require strategic representation. If we are to encourage the procurement professional outlined above they need to be represented and understood at the highest level. We need board members who are senior procurement professionals who understand how procurement can impact the change management agenda and bring Social Value.

- 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.

The effectiveness and impact of the NPS for Caerphilly has been limited. Caerphilly took the decision to opt out of the NPS at the consultation stage of establishing the NPS. Caerphilly now makes the decision to opt in at the time of

expenditure thus keeping a more flexible approach to procurement options. Caerphilly has a clear agenda to develop a high level of social and economic regeneration via its third party spend therefore it was concluded to complete a blanket opt in to the NPS would have disadvantaged local businesses.

We have had a mixed experience from current NPS frameworks ranging from good to very poor. In general we find arrangements are not fit for purpose and do not support the local supply chain in line with Caerphilly's strategy.

It must be acknowledged that it is very difficult to achieve "local" provision when you are buying "once for Wales" which is why the choice of Categories which can be delivered "once for Wales" is very important. I would like to see a difference approach and emphasise of the NPS which considers what will make the most impact and deliver the most benefits (cost and social) in procuring via a national arrangement. I also feel that the NPS requires an arm of business that can support National projects such as construction and infrastructure.

We do not use any other Welsh consortia, however, we do use National consortia when they are beneficial to Caerphilly and meet's our strategy.

General Comment:

In general Procurement in Wales has stagnated of late. It is an evolving discipline that requires energy and enthusiasm to succeed. As we have shown over the years that Procurement plays a vital role in our business operations and have the ability to "change lives" if implemented effectively.

The procurement function cannot diminish. We need a focused plan for the future which is wider in scope than "efficiency savings".

We need to build on our previous success by working together, embracing collaboration in many forms and acknowledging that one size does not fit all. Digitalization, social media, Brexit and financial market will all bring their challenges and opportunities. Procurement is not the solution it is part of the enabling tools required to bring business success.