

Andrew Slade  
Director General – Economy, Skills and Natural  
Resources Group  
Welsh Government

23 March 2018

Dear Andrew,

**Public Procurement**

Thank you for your letter of 20<sup>th</sup> March providing further information following your appearance before the Public Accounts Committee on 5<sup>th</sup> March.

Arising from our findings the Committee welcomes the review of the National Procurement Service and Value Wales that is currently being undertaken. Given this review is ongoing and due to report its findings later this year it would be premature for the Committee to draw conclusions at this stage. We have agreed to return to this issue once the review has been completed and will reflect on the outcomes of that review in due course. We were struck by the potential breadth of the issues that require consideration through the review and in what appears to be a challenging timeframe after a slow start.

There is much to be gained by maximising the potential of the annual £6 billion public sector procurement spend and by transforming public procurement in the context of the Well-being of Future Generations (Wales) Act 2015. It seems clear that this potential is some way from being realised fully for a number of reasons. It is also clear that some significant development work and consensus building will be required to move forward in a truly collaborative way and respond to some of the concerns that have been raised about the approach taken by NPS to date.



Given the potential benefits, we trust that the Welsh Government and its partners will provide the resources necessary to drive the review work forward at sufficient pace. We recognise that there will then be other decisions to be made about the resourcing of services in the future.

As you noted in your oral evidence, you had already reflected on some of the evidence that the Committee had received from other public bodies. We believe that this evidence, alongside your own stakeholder engagement, can inform the review process. We note the establishment of the stakeholder reference group. However, we would welcome clarification on how the review will ensure that it takes account of the views of the wider body of public sector stakeholders, including both members and non-members of the NPS. For example, what are the expectations on stakeholder reference group members when it comes to engagement within their sectors. We were also concerned that the WLGA had been exploring certain issues on a sectoral basis without there appearing to have been much engagement with the Welsh Government to date. We note your commitment to bringing such work into the wider review process.

Building on the Auditor General's recommendations, we believe that it is important to establish clearly the reasons why public bodies are choosing to buy through other consortia arrangements, or simply through their own local arrangements, rather than through NPS. For example in the case of the £60 million expenditure through Crown Commercial Services that could potentially be covered by NPS frameworks. We welcome your acknowledgement that the financial and incentive model for the service will be key in securing future buy-in. There appear to be similar issues with the inconsistent take-up of e-procurement tools and resources that merit further exploration as well.

Finally, members have expressed some particular concerns about issues of recruitment and retention and the overall procurement capacity and capability in Wales. It is clear that there is significant competition for procurement professionals between public bodies (both devolved and non-devolved) and with the private sector. You noted in your oral evidence that building capacity and capability was a core part of the scope of the review process, although we have noted that these issues do not feature explicitly in the terms of reference.

Your letter indicates that an assessment of whether there is a staffing deficit or not depends on what benchmark is used. We accept that any simple formula can only tell part of the story, but note that the Welsh Government's own procurement



policy statement suggested that a measure of one procurement professional for £10 million of spend should be used as an initial benchmark when looking across the wider public sector. Based on the analysis set out in your letter, this would point to a significant deficit of some 274 qualified procurement staff. Regardless of numbers, there is clearly a wider capability challenge for the review process to consider. The evidence we received highlighted that both procurement professionals and others responsible for procurement decision-making, need to have the necessary skills and mindset to do procurement differently in the context of relevant Welsh Government policy and legislation.

We look forward to the outcomes of the review and hearing from you again soon. We would request that, on completion of the review, the Welsh Government provides an update on relevant actions in response to the recommendations made by the Auditor General in his two reports (whether these form part of the review process itself or otherwise).

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

**Nick Ramsay AM**  
**Chair**

