Grŵp Yr Economi, Sgiliau a Chyfoeth Naturiol
Economy, Skills and Natural Resources Group

**Llywodraeth Cymru
Welsh Government**

Nick Ramsay AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff   :
CF99 1NA

4 April 2018

Dear Chair

Re: Public Accounts Committee meeting 15 January 2018: UK Government Digital Service

Thank you for your letter of 8 March, in which you raised a number of questions on the relationship between the Welsh and UK Governments in respect of procurement of digital services.

Question 1 - How much the Welsh Government is actually using the Government Digital Service (GDS) Digital, Data and Technology (DDat) procurement frameworks.

Welsh Government makes extensive use of the GDS Digital, Data and Technology (DDat) procurement frameworks, particularly GCloud and the Digital Outcomes and Specialists framework. The table below demonstrates our increasing year-on-year invoiced spend through the GCloud framework. We use GCloud for our smaller digital sourcing requirements.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
G-Cloud	£86,800	£111,699	£51,883	£187,856	£530,987	£602,182	£1,571,407

Source: Crown Commercial Service

Larger digital requirements go through the Digital Outcomes and Specialists framework.

This framework has been operating since February 2016. The Crown Commercial Service (CCS) have not yet supplied us with the equivalent invoiced spend information for the Digital Outcomes and Specialists framework so I have instead listed the contracts that we have awarded to date and the associated values. We are also currently procuring support for the Discovery Phases of the Electronic Land Register project and the Student Finance Wales project via this framework.

Date	Digital Outcomes and Specialists Requirement	Contract Value
July 2017	Delivery partner for Welsh Revenue Authority digital tax collection and management system	£1,794,730
October 2017	Closing Learning Wales	£45,000
November 2017	The Wales Gateway Project	£587,336

Welsh Government uses Microsoft Azure for cloud hosting but we have procured this through the National Procurement Services (NPS) IT Products and Services Framework. This approach provides us with the ability to specify that the services are provided from the Microsoft Datacentre in Wales.

Question 2 - Provide reasons as to why the Welsh Government would not be directly using these procurement frameworks and instead creating separate versions.

The Welsh Government uses the GDS DDat procurement frameworks for the majority of our digital procurements and we do not have our own separate versions.

We have, however, undertaken a market engagement exercise that identified two areas that need addressing. These are:

1. an easy and quick route to market for Welsh SMEs to meet small project resourcing needs. Historically Welsh SMEs have not been well represented on the Digital Frameworks.

2. the opportunity to provide a framework for public sector organisations to procure Welsh Language standards-compliant software and services.

Neither of these is fully provisioned for in the current GDS DDat frameworks.

Question 3 - In England they are using the new mechanisms, as stated in your letter, which provide for quick procurement and an iterative, experimental approach. The Welsh Government is appearing to prefer the old-style large IT contracts which last for many years and take considerable time to procure. In this instance, can you clarify what the lead-in times for the Welsh Government procurement frameworks are in comparison to the English ones and why they are not apparently being used together with how much has been spent on the English procurement frameworks.

As already demonstrated, Welsh Government uses the new ways of contracting. It does however have some older style legacy contracts which are coming to an end. An example is our contract with Atos (and its predecessor Siemens Business Services) which will come to an end on 11 January 2019. Post-January 2019 Welsh Government will be using a modern multisourcing arrangement and is already undertaking a phased move to the new multisourcing delivery model with the substantive elements of our digital and ICT services being brought under direct in-house control. This is demonstrated by the spend through the Atos contract which has reduced from £51 million in FY 2012/13 to £34 million in FY 2017/18.
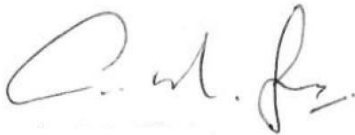
Furthermore, digital services are no longer routinely procured through the Atos contract and are instead being procured using a mixture of GDS (GCloud and Digital Outcomes) and wider CCS frameworks together with NPS frameworks. An increasing number of projects are also being delivered using in-house resources and third party contractors. The following table shows the Welsh Government spend through the GDS, wider CCS frameworks and NPS frameworks for the last three years. This table does not include the spend for the Digital Outcomes and Specialists framework as I have explained above.

	2015/16	2016/17	2017/18
CCS Frameworks	£ 2,617,246	£ 1,336,196	£ 490,838
G-Cloud	£ 187,856	£ 530,987	£ 602,182
NPS ICT Frameworks	£ 545,607	£ 3,085,472	£ 4,994,385
	£3,350,709	**£4,952,655**	**£6,087,405**

Source: Crown Commercial Service and National Procurement Service

I hope that this information is helpful.

Yours sincerely,

ANDREW SLADE
Director General – Economy, Skills and Natural Resources Group