

**Grwp yr Economi, Sgiliau a Chyfoeth Naturiol
Economy, Skills and Natural Resources Group**

Cyfarwyddwr Cyffredinol - Director General



**Llywodraeth Cymru
Welsh Government**

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

20 March 2018

Dear Chair

PAC Inquiry into Public Procurement in Wales

You requested further information from Welsh Government following our session with PAC on 5 March 2018 and this information is provided below.

- **Andrew Slade agreed to send a copy of the Review's Terms of Reference together with the membership of the Stakeholder Review Group**

The Terms of Reference for the National Procurement Service (NPS) / Value Wales Review are provided at Annex 1 and the membership of the Stakeholder Review Group is provided at Annex 2.

- **Andrew Slade agreed to send available data on the current numbers of qualified procurement personnel relative to the public sector's £6 billion of expenditure together with an estimate of the size of the staffing deficit.**

Information supplied by the Chartered Institute of Procurement and Supply (CIPS) indicates there are 384 CIPS members working in the public sector in Wales but only 326 of these are fully qualified (58 are at student level).

Any staffing deficit is difficult to estimate as it depends on the methodology used for determining the value of spend per procurement professional and officials are aware of a number of ratios that could be applied. These range from the McClelland methodology which recommends one procurement professional for every £10m of spend, to the UK Government's methodology which is based on one procurement professional for every £20m of spend.

Looking at £6bn of annual spend, the number of CIPS qualified procurement staff required across the Welsh public sector would vary between 300 and 600 using the UK Government and McClelland methodologies respectively. Applying the different ratios therefore provides a very different perspective on capacity ranging from no deficit (or, in fact, a surplus of 26 qualified professionals) to a shortfall of 274 qualified procurement staff.

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As part of the NPS and Value Wales review that is underway, we will consider ratios of spend per procurement professional. We will engage with stakeholders to establish whether it is possible to identify a meaningful all-Wales methodology bearing in mind that different public bodies address these issues in different ways which reflect their own needs and circumstances.

- **Andrew Slade agreed to provide a note of the Welsh Government's assessment of Research from Cardiff University in 2012 regarding a perceived shortage of procurement personnel.**

The Welsh Government has not undertaken a detailed formal assessment of the 2012 paper by Professor Kevin Morgan of Cardiff University entitled 'Values for Money', in which he referred to a perceived shortage of procurement personnel. The paper cited a 'simple good practice rule' which recommends that every £15 million of public spending should equate to one qualified CIPS manager. (This links to the information provided above in respect of procurement personnel.) On the basis of this good practice rule, Professor Morgan calculated a shortfall of some 174 professionals across the Welsh public sector at the time.

While Professor Morgan's paper added to the debate at the time, Welsh Government were concerned that his work did not appear to make reference to the important and innovative work undertaken by Value Wales in respect of Community Benefits and wider socio-economic impacts. This work had been acknowledged in many other quarters.

- **Sue Moffatt agreed to provide a copy of the latest Hays annual salary survey which shows the disparity between pay rates of procurement staff in the public and private sectors**

A link to the survey is provided below:-

<https://www.cips.org/knowledge/procurement-topics-and-skills/people-and-skills/career-development/#tabs-4>

Please do not hesitate to contact me if you need any further information.

Yours sincerely



ANDREW SLADE
Director General
Economy, Skills and Natural Resources

Review of the National Procurement Service and Value Wales

Terms of Reference

1. The purpose of the Review is to refocus the role of the National Procurement Service for Wales (NPS) and Value Wales within the Welsh Government.
2. It will develop organisational proposals for using the public sector's £6bn annual procurement spend to maximise the economic, social, environmental and cultural well-being of future generations in every part of Wales.
3. Proposals will cover the range, scope and model of services that the Welsh Government can provide for the public sector; the extent to which those services can be self-funded; and the oversight and scrutiny required for their effective operation.
4. The Review will be conducted as a partnership between Welsh Government and its public sector partners in collaboration with business. It will:
 - Respond to opportunities presented by the Wellbeing of Future Generations Act and delivery of the national wellbeing goals;
 - Learn from three years' experience of the NPS ;
 - Learn from customer insight and feedback;
 - Learn from the findings of the Wales Audit Office reports on Public Procurement and the NPS;
 - Support delivery of Prosperity for All;
 - Support delivery of the Economic Action Plan (EAP); and
 - Take advantage of any procurement opportunities which may arise from leaving the EU.
5. The Review comprises four work packages:
 - Work Package 1 – establish baseline of current services;
 - Work Package 2 – the Service Model - development of a future operating model to support public service delivery;
 - Work Package 3 – setting out a new approach to provide effective oversight of the services and to foster ownership from customers; and
 - Work Package 4 – development of a sustainable funding model to support delivery of the services defined under Work Package 2.
6. Governance of the Review will be managed through a Review Oversight Board and Review Stakeholder Group. The NPS Delivery Group will provide the means for delivering the work packages.
7. The Review is planned to be completed by September 2018, by which time final recommendations will be submitted to the Cabinet Secretary for Finance.

Review of NPS and Value Wales - Stakeholder Group Membership

Name	Position	Organisation
Andrew Falvey (Chair)	Commercial Director	DVLA
Howard Allaway	Procurement Manager	Higher Education Purchasing Consortium for Wales
Paul Ashley-Jones	Head of Procurement	Pembrokeshire Council
Judith Budding	Head of Corporate Procurement Services	Welsh Government
Ben Cottam	Head of External Affairs	FSB Cymru
Richard Dooner	Programme Manager	WLGA
Neil Frow	Director	NHS Wales Shared Services Partnership
Jonathan Hopkins	Deputy Director, Value Wales	Welsh Government
Sophie Howe	Future Generations Commissioner	Office of the Future Generations Commissioner for Wales
Umar Hussain	Chief Financial Officer	South Wales Police
Liz Lucas	Head of Procurement	Caerphilly Council
Eurgain Powell	Change Maker	Office of the Future Generations Commissioner for Wales
Arwel Staples	Head of Procurement	Denbighshire Council
Marion Stapleton	Deputy Director, Strategy (and lead policy official for the Review)	Welsh Government
Nick Sullivan	Head of Commercial Policy, Value Wales (and Project Manager for the Review)	Welsh Government
Geraint Thomas	Head of Finance and Procurement	South Wales Fire and Rescue Service
Karen Wolliner	Head of Procurement	Higher Education Funding Council for Wales