

Plenary Statement – 2 May 2018

Public Accounts Committee Inquiry – Public Procurement

I am pleased to share with you today details of the work undertaken to date by the Public Accounts Committee in relation to Public Procurement in Wales.

The Committee agreed to undertake an inquiry following publication of the Auditor General for Wales report on the National Procurement Service (NPS) on 30 November 2017. This report followed on from a wider review of [Public Procurement in Wales](#) released in October 2017. During the early stages of that review, some public bodies expressed particular concerns about the development and performance of the NPS. The Auditor General's report on NPS considered these issues in more detail.

The report concluded that indicative figures show that public bodies in Wales spent £234 million through NPS frameworks and contracts in 2016–17, £222 million of which related to members organisations. However, public bodies are not using NPS frameworks as much as anticipated, resulting in concerns over its funding, less than anticipated savings – £14.8 million reported for 2016–17 – and with many of its members dissatisfied.

Members may recall that in September 2017, the Cabinet Secretary for Finance and Local Government set out initial plans to refocus the role of the NPS and Value Wales. This will be taken forward in collaboration with the Welsh Government's public sector partners. The Welsh Government also intends to merge the NPS Board and the National Procurement Board.

The Public Accounts Committee considered the findings of the Auditor General's report and during the course of our work to date has taken evidence from a number of Local Authorities, the Future Generations Commissioner for Wales and the Welsh Government.



Given the ongoing review of the National Procurement Service and Value Wales, which is due to report its findings in the autumn, we agreed that it would be premature for the Committee to report its findings 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.

In the meantime we have identified some issues we wanted to bring to the attention of the Assembly and assure Members that we will be returning to this important matter at the most appropriate time.

There are a breadth of issues that the review of the National Procurement Service and Value Wales will need to consider in what appears to be a challenging time frame.

The Committee believe 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 is clear to the Committee that this potential is some way from being realised fully for a number of reasons and that some significant development work and consensus building is required to move forward in a 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.

The Committee welcomes the establishment of the stakeholder reference group which is an essential element of engaging the voices of all interested parties. We are pleased that the terms of reference for the group make it clear that members will be expected to secure feedback from colleagues within their respective sectors and organisations, including those organisations that might not currently be members.



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

We welcome that these issues will be explored as part of on-going review work.

We were pleased to hear that already NPS has asked its customers for comments on the effectiveness of its frameworks and has worked with its board to promote the benefits of using NPS frameworks to buy common and repetitive goods and services and to encourage members to use them. This engagement has provided key insights and has already influenced a number of positive developments. For example, we are aware that regionalised approaches are now being explored with its members, which have resulted in a pilot project where the NPS frameworks supported seven South West Local Authorities in delivering their engineering consultancy requirements.

Finally, we were particularly concerned about issues of recruitment and retention and the overall procurement capacity and capability in Wales. There is significant competition for professionals between public bodies and with the private sector. Although we heard from Welsh Government Officials that capacity and capability was a core part of the scope of the review process, we noted that these issues did not feature explicitly in the terms of reference. We also note that using the Welsh Government's own procurement policy statement, which sets out a measurement of one procurement professional for £10million spend, points to a deficit of some 274 qualified procurement staff.



Welsh Government Officials have told us that issues of overall procurement capacity and capability across the public sector in Wales is a fundamental part of the review, and of what follows. We understand that the Welsh Government will be addressing these issues through a new procurement capability programme in due course.

We will of course be monitoring the Welsh Governments work in this area and will await the outcomes of its review on completion. We also look forward to receiving an update on actions undertaken arising from the two Wales Audit Office reports. So while we take a pause in our work, we will be keeping a close watching brief on developments.

