# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE Review of the National Procurement Service and Value Wales** |  |
| **DATE 05 September 2018** |  |
| **BY Mark Drakeford AM, Cabinet Secretary for Finance** |  |

Last September, I announced a review of the work of the National Procurement Service (NPS) and Value Wales. This statement details the results of the review and the next steps.

The review was designed to clarify stakeholders’ priorities to help maximise the value of the £6bn annual procurement expenditure across Wales at a time of unprecedented pressures on public services and as the UK prepares to leave the European Union.

Since announcing the review, the National Assembly’s Public Accounts Committee launched its own inquiry into procurement, which I have followed with interest. I have today written to the chair of the committee setting out how this review has sought to respond to commitments made during the inquiry and to a statement about public procurement in Plenary on 2 May.

A range of stakeholders, including public sector leaders, procurement officers, businesses and the Future Generations Commissioner took part in the review.

They have told us that simply refocusing NPS and Value Wales is not enough. The review has revealed the need for an in-depth examination of how we use public funding to support public service delivery and to build economic growth across all regions of Wales.

Through the review process, stakeholders have confirmed a number of future priority actions for procurement, including:

* Greater focus on delivering collaborative procurement agreements aligned to regional and local priorities. Such an approach will not only afford maximum access to Welsh suppliers, it will also complement the aims set out in the *Economic Action Plan*, the decarbonisation programme and support our drive to make Wales a Fair Work nation by leveraging fair work outcomes from public spending and procurement practice;
* Delivery of a smaller number of national contracts where Wales-wide solutions, in areas such as vehicles and fleet hire, provide the greatest value for a large proportion of the Welsh public sector; and
* Exploring with the UK Government how we can strengthen our relationship with the Crown Commercial Service, to fully engage where its work is aligned with Welsh needs and priorities.

Going forward, this approach will be informed by a national policy development and delivery support function.

We will work closely with stakeholders to develop a new procurement strategy, which clarifies the future operating model and enables the full value of procurement to be realised nationally, regionally and locally.

Stakeholders have advised that this national policy approach should aim to deliver new support in social care and construction, driving up consistency and capability in the commissioning and procurement of these vital areas of public service delivery.

Effective procurement must be underpinned by a skills development programme. A new capability and capacity programme will therefore be drawn up to equip procurement officers with modern commercial techniques and create a future talent pipeline to help tackle skill shortages and gaps created by different pay and rewards structures.

Stakeholders have also been clear about the need for a progressive future digital procurement strategy to underpin collaboration, simplify access for suppliers and provide the data and intelligence to inform future policy and decision making. We will work with our customers and stakeholders to develop this.

To support these requirements, I am announcing that NPS will, over time, cease to exist in its current form. It is clear that delivering a high volume of national frameworks is no longer a priority for customers and this is reflected in the level of engagement with NPS frameworks, which falls short of the business case forecast.

This transition will be managed to ensure business continuity is maintained in relation to framework contracts currently in use by public bodies and to provide certainty for the suppliers who are on them.

A smaller operation will be set up to manage a reduced portfolio of national contracts, where such agreements can demonstrate delivery of value across a significant majority of Welsh public sector organisations.

. The NPS team will be consulted and engaged in developing the way forward and those not part of the smaller national contracting function will be offered opportunities to be involved in delivery of regional and local priorities; the national policy development and delivery support unit or the Welsh Government’s commercial and procurement programme, or other similar activities.

Evidence gathered through the review has informed the need for our future procurement policy and national/regional collaborative procurement programmes to be managed and delivered separately as key elements of a strategic, cross-cutting collaborative programme of work, which has greater emphasis on driving up community wealth-building across Wales.

Our aim is to maximise procurement spend in Wales while also using the £6bn annual procurement spend to support sustainable jobs and growth; fair work and employment practices; infrastructure and construction investment; use of public assets and improve the resilience of local businesses and their communities.

The feedback from the review has been clear that we must also work to provide a clear link between procurement and the wellbeing goals of public bodies across Wales and ensure the supply base can better engage in public procurement.

My officials will work collaboratively with public sector partners to develop plans to move this work forward.

This statement is being issued during recess in order to keep Assembly Members and the industry informed. Should Assembly Members wish me to make a further statement or to answer questions on this when the Assembly returns I would be happy to do so.