

Agenda – Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Ystafell Bwyllgora 5 – Tŷ Hywel	Fay Bowen
Dyddiad: Dydd Llun, 5 Chwefror 2018	Clerc y Pwyllgor
Amser: 12.45	0300 200 6565
	SeneddArchwilio@cynulliad.cymru

(Rhag-gyfarfod)

(12.45 – 13.00)

1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau

(13.00)

2 Papur(au) i'w nodi

(13.00)

(Tudalennau 1 – 2)

3 Cyllid cychwynnol Llywodraeth Cymru ar gyfer prosiect

Cylchffordd Cymru: Sesiwn dystiolaeth gyda Llywodraeth Cymru

(13.05 – 14.00)

(Tudalennau 3 – 30)

Briff Ymchwil

Shan Morgan – Ysgrifennydd Parhaol, Llywodraeth Cymru

Andrew Slade – Cyfarwyddwr Cyffredinol, Economi, Sgiliau a Chyfoeth

Naturiol, Llywodraeth Cymru

Andrew Jeffreys – Cyfarwyddwr y Trysorlys, Llywodraeth Cymru

4 Caffael Cyhoeddus: Gohebiaeth y pwyllgor

(14.00)

(Tudalennau 31 – 85)

PAC(5)–04–18 PTN 1 – Ymchwiliad i Gaffael Cyhoeddus: Ymateb gan Cyfoeth

Naturiol Cymru

PAC(5)–04–18 PTN 2 – Ymchwiliad i Gaffael Cyhoeddus: Ymateb gan

Partneriaeth Cydwasanaethau GIG Cymru

PAC(5)–04–18 PTN 3 – Ymchwiliad i Gaffael Cyhoeddus: Ymateb gan

Lywodraeth Cymru



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

PAC(5)-04-18 PTN 4 – Ymchwiliad i Gaffael Cyhoeddus: Ymateb gan
Gymdeithas Llywodraeth Leol Cymru

PAC(5)-04-18 PTN 5 – Ymchwiliad i Gaffael Cyhoeddus: Ymateb gan Jayne
Lynch – Prifysgol Caerdydd

PAC(5)-04-18 PTN 6 – Ymchwiliad i Gaffael Cyhoeddus: Ymateb gan
Gonsortïwm Pwrcasu Addysg Uwch, Cymru (HEPCW)

5 Caffael Cyhoeddus: Sesiwn dystiolaeth 1

(14.05 – 14.50)

(Tudalennau 86 – 133)

Briff Ymchwil

PAC(5)-04-18 Papur 1 – Cyngor Bwrdeistref Sirol Caerffili

PAC(5)-04-18 Papur 2 – Cyngor Caerdydd

Liz Lucas – Pennaeth Caffael, Cyngor Bwrdeistref Sirol Caerffili

Steve Robinson – Pennaeth Caffael, Cyngor Caerdydd

(Egwyl)

(14.50 – 15.00)

6 Caffael Cyhoeddus: Sesiwn Dystiolaeth 2 (Drwy fideogynhadledda)

(15.00 – 15.50)

(Tudalennau 134 – 141)

PAC(5)-04-18 Papur 2 – Cyngor Sir Ddinbych

Mike Halstead – Pennaeth Archwilio a Chaffael, Cyngor Bwrdeistref Sirol
Conwy

Arwel Staples – Rheolwr Caffael Strategol, Cyngor Sir Ddinbych

7 Caffael Cyhoeddus: Sesiwn dystiolaeth 3

(15.50 – 16.40)

(Tudalennau 142 – 155)

PAC(5)-04-18 Papur 3 – Comisiynydd Cenedlaethau'r Dyfodol Cymru

Sophie Howe – Comisiynydd Cenedlaethau'r Dyfodol Cymru

8 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes canlynol:

(16.40)

Eitemau 9 a 10 ac Eitemau 1 a 2 y cyfarfod ar 12 Chwefror 2018

9 Caffael Cyhoeddus: Trafod y dystiolaeth a ddaeth i law

(16.40 – 16.50)

10 Cyllid cychwynnol Llywodraeth Cymru ar gyfer prosiect Cylchffordd Cymru: Trafod y dystiolaeth a ddaeth i law

(16.50 – 17.00)

Cofnodion cryno – Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad:

Gellir gwyllo'r cyfarfod ar [Senedd TV](http://senedd.tv) yn:

Ystafell Bwyllgora 3 – Senedd

<http://senedd.tv/cy/4505>

Dyddiad: Dydd Llun, 29 Ionawr 2018

Amser: 14.03 – 16.59

Yn bresennol

Categori	Enwau
Aelodau'r Cynulliad:	Nick Ramsay AC (Cadeirydd) Mohammad Asghar (Oscar) AC Vikki Howells AC Rhianon Passmore AC Lee Waters AC
Tystion:	Irfan Alam, Cardiff City Council Kate Devonport, Cyngor Bwrdeistref Sirol Conwy Yr Athro Sally Holland, Comisiynydd Plant Cymru Sally Jenkins, All Wales Heads of Children's Services Rachel Thomas, Comisiynydd Plant Cymru Gareth Jenkins, Cyngor Bwrdeistref Sirol Caerffili
Swyddfa Archwilio Cymru:	Anthony Barrett – Archwilydd Cyffredinol Cynorthwyol
Staff y Pwyllgor:	Meriel Singleton (Ail Glerc) Claire Griffiths (Dirprwy Glerc)



1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau

- 1.1 Croesawodd y Cadeirydd yr Aelodau i'r cyfarfod.
- 1.2 Derbyniwyd ymddiheuriadau gan Neil Hamilton AC ac Adam Price AC. Ni chafwyd dirprwyon.
- 1.3 Croesawodd y Cadeirydd yr ymwelwyr o Bwyllgor Cyfrifon Cyhoeddus Bermuda a oedd yn arsylwi ar y sesiwn.

2 Papur(au) i'w nodi:

- 2.1 Cafodd y papurau eu nodi.

3 Plant a phobl ifanc sydd wedi bod mewn gofal: Sesiwn Dystiolaeth 1

- 3.1 Cymerodd y Pwyllgor dystiolaeth gan Sally Holland, Comisiynydd Plant Cymru a Rachel Thomas, Pennaeth Polisi a Materion Cyhoeddus, Swyddfa Comisiynydd Plant Cymru fel rhan o'i ymchwiliad i blant a phobl ifanc sydd wedi bod mewn gofal.

4 Plant a phobl ifanc sydd wedi bod mewn gofal: Sesiwn Dystiolaeth 2

- 4.1 Cymerodd y Pwyllgor dystiolaeth gan Irfan Alam, Cyfarwyddwr Cynorthwyol Gwasanaethau Plant, Cyngor Dinas Caerdydd; Kate Devonport, Pennaeth Gwasanaethau Plant, Teuluoedd a Diogelu, Cyngor Bwrdeistref Sirol Conwy; Sally Jenkins, Pennaeth Gwasanaethau Plant a Theuluoedd, Cyngor Dinas Casnewydd a Gareth Jenkins, Cyfarwyddwr Cynorthwyol Gwasanaethau Plant, Cyngor Bwrdeistref Sirol Caerffili fel rhan o'i ymchwiliad i blant a phobl ifanc sydd wedi bod mewn gofal.

5 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes canlynol:

- 5.1 Derbyniwyd y cynnig.

6 Plant a phobl ifanc sydd wedi bod mewn gofal: Trafod y dystiolaeth a ddaeth i law

- 6.1 Trafodwyd y dystiolaeth.

Mae cyfyngiadau ar y ddogfen hon

National Assembly for Wales

Public Accounts Committee: Public Procurement

Evidence from Natural Resources Wales – Victoria Rose-Piper, Head of Procurement

I am writing in response to your letter to Kevin Ingram of 19 December 2017 asking for views on public procurement in Wales, specifically the Auditor General's Reports and points highlighted in the letter. I am responding on his behalf.

I can confirm that Natural Resources Wales (NRW) agrees with the findings and recommendations from both the National Procurement Service (November 2017) and Public Procurement in Wales (October 2017) reports. Both of the Reports were looking to examine whether there is evidence that current procurement arrangements are helping to deliver value for money and are fit for the future. Although we agree with the recommendations, as far as they go, it does not appear to be possible from the Reports to take a view on the 'value for money' and 'fit for the future' questions.

Some key overarching concerns lie in the need for greater clarity on the scope and role of the National Procurement Service (NPS) and improved communication when policies or approaches change. Greater consistency is required in policy and governance across all Public-Sector bodies as well as improved effectiveness and shared learning. More innovative thinking is needed and an examination as to whether the Framework approach adopted by NPS is yielding the best value for money or maximisation of the Well being objectives.

In response to the specific points highlighted:

The overall impact of the 2015 Procurement Policy Statement;

The overall impact of the 2015 Procurement Policy Statement was diminished by the absence of established metrics for Public Bodies to report against. It did however provide a framework under which the Public Bodies in Wales could establish their own policies whilst providing a consistent approach to procurement as far as the public and supply chain are concerned. A new policy statement, as indicated by NPS, has been anticipated for nearly 12 months and this may well have impacted on organisations reduced drive to progress in this area whilst waiting for a potentially new approach and direction.

The planned 'Programme for Procurement' and actions that the Welsh Government is taking forward to review the fitness of individual public bodies' procurement arrangements, to promote e-procurement; and

There was little information released on the planned 'Programme for Procurement' prior to the announcement of the review and therefore we are unable to comment on this specifically. The programme for fitness checks hasn't been clearly communicated. NRW was involved in a pilot of the 2nd round but the third-party checks and assessment of content was delayed.

The recommendations from the pilot weren't undertaken and clarification is still required on several of the sections for the fitness check to be a reliable and accurate reflection of a public-sector body's progress.

Although a very effective tool internally to drive forward best practice the lack of coordination of the fitness checks programme discouraged public bodies from pursuing this externally.

Issues relating to access to the recruitment and retention of key procurement capability.

NRW agrees with the issues raised in the Public Procurement for Wales Report where it states "Public bodies have experienced long-standing issues with the recruitment and retention of suitably qualified procurement staff, exacerbated by some parts of the public sector offering more favourable terms and conditions", although recruitment is more of an issue than retention for NRW.

The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.

There has been, historically, a lack of visibility and sharing of information on governance arrangements and best practice across Public Sector Bodies, the NPS and Welsh Government Procurement Functions, although this has improved recently.

The measure of spend in Wales, although an effective statistic in identifying the multiplier effects achieved because of activity undertaken by NPS, is not a factor that NPS has any control over given the Public Contract Regulations 2015 and the need to advertise and engage more widely.

NRW is very interested in the Cabinet Secretary for Finance and Local Government proposal to fill supply voids. Will additional funding be available to assist suppliers in Wales to tender more effectively for Public Sector Procurement contracts?

NRW supports plans to merge the NPS Board and the National Procurement Board as historically there has been a conflict in objectives and approach leading to a lack of effectiveness. NRW suggests a review of scope and clear communication as to the role of this board to the wider public sector.

The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.

NRW supports the recommendations listed from the Report on the National Procurement Service with more details provided below. NRW wholly supports and embraces the arrangements undertaken and provided by the NPS and supports collaborative procurement in generic and commonly sought products and services. More development needs to be undertaken with sponsored bodies to ensure that the resulting frameworks meet the requirements of these bodies through correctly and collaboratively engineered specifications.

National Procurement Service Report (November 2017)

NRW endorses all elements of Recommendation 1, especially parts C & D.

NRW supports the review of the opt out process highlighted in Recommendation 2 and highlights mixed messages and poor communication regarding the continuing need to apply to opt out as being a key failure in this area of late. The opt out process needs to be simple and needs to be authorised within the public-sector organisations themselves rather than need approval by NPS.

Although supportive of Recommendation 3 and the need to effectively fund the NPS, any solution needs agreement of member organisations.

Recommendation 4 identifies a need for clarity within the NPS annual report. NRW strongly supports this and suggests additional due diligence is required on the claims made within the annual report. In addition, the savings identified are often not realised by the public sector organisations using the frameworks and a review of the use of the 'Efficiencies Methodology' and a calculator tool for public sector organisations to calculate the savings based on their own baseline figures is essential.

NRW supports Recommendation 5 but seeks further assurance that SMEs are being engaged with in line with the Opening Doors Policy.

Public Procurement in Wales (October 2017)

NRW supports Recommendation 1 but moreover requests that the NPS clarify the scope of spend data required and works with each public–sector body to ensure due diligence on sample data sets provided to ensure consistency. Further evidence of the benefit of the spend analysis tool should be demonstrated before the wider sponsored bodies will be expected to engage. For those with relatively small spend, further refinement of analysis and categorisation of spend is required for the tool to be useful to all stakeholders.

NRW supports Recommendation 2 and is keen to see further cross sector representation and clarity on roles and responsibilities to ensure consistency across the public sector for the benefit of the supplier base and public purse.

NRW supports Recommendation 3 but calls for greater clarity on the minimum requirements expected from organisations Procurement Strategies for consistency. NRW welcomes the need to review annually as an overarching approach.

NRW endorses Recommendation 4 and further to the comments detailed above would welcome a strong, structured, consistent and well communicated approach to the Fitness Checks that enables public sector organisations to benchmark themselves. There needs to be acceptance that not all public–sector organisations operate their procurement approaches in the same way, i.e. they may not have adopted a category management approach, and care should be taken not to penalise these organisations when they are adopting best practice in their chosen approach.

NRW is currently undertaking a pilot to demonstrate how the Well–being Objectives can be delivered through good procurement and supply chain involvement. A substantial contributor is from Community Benefits and NRW encourages the adoption of Recommendation 5 as a requirement to deliver maximum value for money.

Although NRW recognises the issues highlighted in Recommendation 6, more clarity is required as to why NPS struggle to recruit and retain when their reward package is significantly better than other public sector organisations. The focus should not only be on technical development but also leadership and management.

NRW uses the SQUID for all procurements over £25k and encourages further promotion of the tool as highlighted in Recommendation 7. More engagement with public sector bodies for continuous improvement of this tool would be welcomed.

I hope that the views of NRW help to support your inquiry into public procurement in Wales. If there is any further information required then please let me know.

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from NHS Wales Shared Services Partnership

Thank you for your letter dated the 19 December 2017, relating to the review of Public Procurement in the Welsh Public sector. I would firstly like to thank you for the opportunity to comment on the report, and specifically to address the points raised in your letter. This response covers the views from NWSSP and we would welcome the opportunity for further discussion on the points raised.

1. The Welsh Government's leadership role for public procurement in Wales.

the overall impact of the 2015 procurement policy statement

1. Strategic		NWSSP Response
<p>Welsh Government will:</p> <p>set out a 'maturity model', against which development of procurement can be measured across the Welsh public sector.</p> <p>Facilitate a Procurement Fitness Check Programme, to include a self-assessment model for eligible organisations</p> <p>Provide a standard template against which public bodies will report the outcome and progress against action plans.</p> <p>Provide access to policy, advice and resources which enable public bodies to improve procurement outcomes.</p>	<p>The Welsh public sector will:</p> <p>measure themselves against the maturity model, by undertaking an annual Procurement Fitness Check and reporting the recommendations and action plan progress to Welsh Government.</p>	<p>The principle of procurement being recognised as having a significant role to play in extracting both financial and non-financial benefits from the significant £5b spent within the public sector in Wales was very welcome. The specific intent to provide a maturity model emanated from the first work that was conducted on the fitness checks, which themselves was a feature of the McClelland review. The initial approach to undertaking the fitness checks had some flaws as they were undertaken by two separate organisations, nevertheless there was an attempt to bring some degree of consistency of</p>

		<p>consideration of these together. In the intervening period, there has been limited activity undertaken using this as a model for comparison and across the Welsh public sector little has emanated from this work. We believe the intention was to implement a further process of self-assessment for those organisations, who were deemed sufficiently mature, against a new model that was to be developed; however, this has not transpired either. NWSSP have worked to address those areas that were agreed as part of our improvement plan. The work around policy work has also been limited although we fully support the positive work that has been undertaken around joint bidding, modern slavery and future generations.</p>
2. Professionally resourced		
<p>Welsh Government will:</p> <p>Promote adoption of a procurement competency framework setting out qualifications, experience and expertise that will</p>	<p>The Welsh public sector will:</p> <p>Ensure adequate skills and resources are in place to carry out effective procurement and contract</p>	<p>All within the Procurement profession welcomed this; however, the progress to develop a national competency framework has been slow. Internally within</p>

<p>support a structured procurement career.</p> <p>Provide routes to training and development, including those, which enable public bodies to cultivate professional procurement and commercial expertise.</p> <p>Drive forward the shared services programme, enabling public bodies to utilise resources to best effect.</p>	<p>management.</p> <p>Where gaps are identified within organisations, consider opportunities to share expertise across organisational boundaries</p> <p>have a procurement training strategy, which addresses resource and skills gaps, and share this with Welsh Government to support future skills development strategy.</p> <p>Incentivise procurement officers to maintain their continuous professional development.</p>	<p>the NHS, we have made some progress on this.</p> <p>Over the last few years, the central Value Wales funding to support training & development programmes has reduced and this has come at a time when recruitment and retention remains a significant challenge to many in the Welsh public sector procurement profession. The ambition to support a shared collaborative model has really only manifested itself within the NHS, with the establishment of a shared service model to take advantage of both economies of scale and skill and this has clearly derived a number of benefits since its inception. As part of the programme of bringing NHS Procurement staff together under a shared services model, it was recognised that there was a clear difference in the extent to which training and development of staff had been undertaken. NWSSP has needed to invest significant additional resources in wider training and development, but</p>
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		<p>particularly professional training underpinned through attainment through CIPS. This approach is being taken forward in partnership with the University of South Wales (UoSW) and University of Bangor. In addition, more recently this investment has extended into a wider support of a Masters programme, which is now CIPS, accredited. An informal partnership of training with UoSW is being developed with a number of students spending time on placement programmes within NWSSP. The development of NPS has also appeared in the intervening period, and whilst this has helped to address some aspects of the demand, there has been a disparity in pay, which has further been fuelled by the salaries offered within the NPS in comparison to those in other parts of the Welsh public sector. There are clearly still differences in pay across the Welsh public sector, something picked up within the audit report. Although it is unclear how this is to be</p>
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		<p>addressed going forward, particularly given the difficulties of different terms of conditions, particularly where they are nationally agreed and the continued discrepancies in incentives offered by organisations. For example, an additional payment is being made for having a CIPS qualification in some parts of the Public Sector regardless of the length of experience. We think it will be important to effectively establish an independent base line of comparator jobs across the public sector (this is not a task to be underestimated) In order to understand the reasons and potential with regard to pay differentials. How this can then be addressed, I am sure will be subject of further consideration.</p>
Economic, Social and Environmental Impact		
<p>Welsh Government will:</p> <p>Maximise the opportunities presented by the revised EU Procurement Directive to drive economic, social and environmental impact provide leadership, guidance and tools on</p>	<p>The Welsh public sector will:</p> <p>Provide leadership on procurement best practice use a whole life costing approach to procurement decisions, taking account of the long-term impact.</p>	<p>This is an area where there has been some progress within Welsh Government, providing advice and guidance around joint bidding strategies, Modern Slavery, Future Generations and continued</p>

<p>procurement best practice.</p> <p>Issue updated policy guidance on ethical procurement issues including but not limited to the opportunity to reserve contracts for suppliers with a workforce of 30% or more disadvantaged workers the opportunity to reserve contracts for suppliers with a social ethos e.g. Cooperatives and Mutuels at first tender.</p> <p>Impact of the Modern Slavery Act on supply chain management.</p> <p>Provide intelligence on the make-up of the Welsh Economy to support development of</p>	<p>Be proactive in managing suppliers, considering the whole supply chain.</p> <p>Identify areas of expenditure, which can be reserved for suppliers with a workers.</p> <p>Identify areas of expenditure which can be reserved for suppliers with a social ethos e.g. Co-operatives and Mutuels at first tender.</p> <p>Apply the Sustainability Risk Assessment to all procurements above £25,000</p>	<p>development of tools to support this, including SQuID and Sell2Wales functionality.</p> <p>Some best practice guidance has been issued to support this. NWSSP have included sustainable risk assessments to all procurements above £25k</p>
4.Community Benefits		
<p>Welsh Government will:</p> <p>provide Community Benefits policy; strengthening support available on the ground and challenging the application</p>	<p>The Welsh public sector will:</p> <p>appoint a community benefits champion for their organisation and advise Welsh Government apply a Community Benefits approach to all public sector procurements apply the Measurement Tool to all such contracts over £1m, as a minimum.</p> <p>Provide justification for all</p>	<p>Again, this has been an area under development, where work has been done, but further work has been requested, particularly given the experience and the practicalities of identifying community benefits across a number of areas. Whilst some progress has been made on this, there would be an opportunity to develop</p>

	contracts valued above £1m where the approach has not been used	further work through a measurement tool that has been requested.
5.Open, accessible competition		
<p>Welsh Government will:</p> <p>provide www.sell2wales.co.uk including the SQulD common question set.</p> <p>Provide Leadership, guidance & tools on best practice procurement approaches</p> <p>Improve information on forward programmes by maintaining publication of the Wales Infrastructure Investment Plan.</p>	<p>The Welsh public sector will:</p> <p>amend standing orders to require advertisement of all contracts over £25k on www.sell2wales.gov.uk.</p> <p>proactively publish their forward contract programmes on their website</p> <p>Use appropriate 'lotting' strategies.</p> <p>Apply the SQulD approach as standard to supplier selection. Publish contract award notices on www.sell2wales.gov.uk</p> <p>Ensure procurements are available and accessible to all – including collaborative bids (i.e. consortia) Promote fair payment</p>	<p>Again, this has been an area where development has been supported with the Sell2Wales website, the development of the SQulD into the SQUIZARD and further guidance and support with this. This has been an area where NWSSP has been particularly proactive in embedding the SQulD tools through the Bravo technology, which is also supported through Welsh Governments eStrategy Programme (albeit this has now come to an end, and it is unclear and uncertain as to how, if at all this will be taken forward). The benefit of this to SMEs in Wales will continue to develop, particularly as lotting strategies and payment terms continues to support small businesses.</p>
6.Simplified Standard Processes		
<p>Welsh Government will:</p> <p>develop and promote</p>	<p>The Welsh public sector will:</p> <p>adopt and embed common</p> <p>Tudalen y pecyn 42</p>	<p>The investment in eProcurement tools was highlighted through the</p>

<p>simplified approaches to procurement based upon the adoption of common systems and processes, including the Welsh e-procurement service, that reduce the cost of doing business.</p> <p>year change programme to accelerate e-trading monitor the adoption and impact of these approaches.</p> <p>Provide structured support to public bodies to undertake business change management to support effective utilisation of e-procurement</p> <p>Provide a single point of contact for supplier feedback</p>	<p>procurement approaches.</p> <p>Make best use of available e-procurement tools</p> <p>measure themselves against the eProcurement Maturity model and eProcurement as part of the annual procurement fitness check process</p> <p>Encourage supplier feedback on ease of process and channel through to Welsh Government</p> <p>Pay all correct invoices on time Use Project Bank Accounts where appropriate</p> <p>Adopt a 'no purchase order no payment' policy for all</p>	<p>simplified standard process under point 5, whilst the investment has been welcome, the end of the programme does at this moment in time still cast a shadow of uncertainty as to how this will be taken forward. This is clearly an important plank to support procurement activity across the Welsh public sector. Whilst there has not necessarily been the level of consistency of approach by organisations that Welsh Government would have wanted; this nevertheless represents the status of the position across the wider public sector. It is fair to say that organisations including the NHS have been slow to adopt some aspects of the policy, including a No PO No Pay policy. Although this has now been agreed and work is finally in train to take this aspect forward from an NHS perspective.</p>
7.Collaboration		
<p>Welsh Government will:</p> <p>deliver collaborative contracts and frameworks through National Procurement Service to the</p>	<p>The Welsh public sector will:</p> <p>participate in the National Procurement Service for the benefit of Wales and their</p>	<p>This clearly focuses on the establishment of NPS, and whilst this is taking place and provided a level of professional procurement</p>

<p>value of 2.2bn over the next 2 years.</p> <p>Support collaboration and the wider shared services agenda</p>	<p>individual organisation.</p> <p>Consider opportunities for further collaborative procurement initiatives</p> <p>monitor and report on engagement with NPS and other collaborative initiatives</p>	<p>function within the Welsh public sector, the delivery of the perceived benefits through the business case and subsequent challenges the organisation has faced have fallen somewhat short to the expectations.</p> <p>Nevertheless, this is part of the wider consideration as to how this will be addressed and taken forward in the future.</p>
<p>8.Supplier Engagement and Innovation</p>		
<p>Welsh Government will:</p> <p>Provide clear policy direction on procurement best practice in support of public Wales adopting approaches to procurement that are informed and influenced by feedback from the supply chain.</p> <p>Provide business support to suppliers through the Business Wales service</p>	<p>The Welsh public sector will:</p> <p>publish a single electronic point of contact for supply chain queries.</p> <p>Ensure de-briefing provides adequate tender feedback.</p> <p>use outcome based specifications where appropriate to encourage business innovation use pre market engagement where appropriate</p> <p>Regularly publish contract award notices</p> <p>consider opportunities for using new innovation partnership provision of the Public Contract Regulations</p>	<p>The approach to this has generally improved with both NPS and public sector organisations having a significant degree of engagement with suppliers through a variety of approaches. The support through the business Wales service continues to less effective than it could be and more focused around the support organisations requirements, this situation, which has manifested itself for a number of years and has not been addressed. The wider issues identified within the Procurement Policy Statement for organisations have</p>

	ensure regular contract performance management	generally been followed and supported, and various formats and events take place to support SMEs and wider organisations.
9. Policy Development and Implementation		
Welsh Government will: consult with social partners and other relevant stakeholders on matters, which may be influenced through public procurement policy. Utilise the general designation on procurement to issue procurement guidance in the form of regulatory requirements for	The Welsh public sector will: Deploy the procurement guidance issued in all relevant contracts.	As previously stated there has been progress made around guidance on joint bidding, modern slavery and future generations, although the applicability of this and the ability to translate this to practical issues has been somewhat short of ideal. An example being the need to train staff across the Welsh public sector in Modern Slavery and this clearly lent itself to a consistent package of training, which could have been developed once for Wales, however, this is a missed opportunity, albeit attempts are being made to address this. Welsh Government through both Value Wales and the NPS have engaged with social partners to support key procurements.

10.Measurement and Impact		
<p>Welsh Government will:</p> <p>provide a standard framework of procurement measures that are proportionate and demonstrate engagement with the WPPS.</p> <p>Collate information and report to the Minister for Finance & Government Business and Procurement Board for consideration in future policy development</p>	<p>The Welsh public sector will:</p> <p>Complete an annual return to Welsh Government of procurement outcomes, achieved through procurement</p>	<p>It was intended this would identify a range of KPIs that could be consistently measured across the Welsh public sector, this has not taken place so although organisations including NWSSP developed a range of KPIs across P2P and the wider programme, which continued to be measured and reported. This is an area that has merit and should be further developed especially to help learn lessons. Nevertheless, it would be felt that this was still something that was merited and should be continued with and supported.</p>

ii. Actions that the Welsh Government is taking forward to review the fitness of individual public bodies' procurement arrangements, to promote eprocurement; and issues relating to access to the recruitment and retention of key procurement capability.

The programme for undertaking Procurement Fitness Checks appears to have stalled and little progress has been made over the last year in relation to taking them forward following the original tranche of assessments. Following on from the initial work there was an expectation that there would have been a cohesive programme of activity undertaken to review the outputs across the public sector to identify the opportunities highlighted, which would promote the sharing of best practice and key learning and perhaps a further programme would have been developed centrally to fill any emerging priorities. From an NWSSP we have continued to develop our own Procurement development programme and

functionality, which addresses many of the issues raised within the original fitness check review and subsequent action plan.

As far as the eProcurement activities are concerned, the NHS through NWSSP have embraced a comprehensive suite of tools that are widely and consistently used within NHS Wales. This includes the Oracle Finance and Procurement system, which runs across all NHS organisations and has been implemented on a single instance multi-organisational structure, with a Standard Chart of Accounts and Coding that underpins the whole system. This adequately aids significant reporting and enables us to integrate down to order line detail. In addition to this, NWSSP access the Bravo product through the Welsh Government Contract for all its contracting activity, as well as using the Sell2Wales, Dunn & Bradstreet and Procurement Cards through the same arrangements. In addition to this, we have a number of supportive technologies through companies who provide electronic trading functionality, for both order, transmission and invoice receipting. This gives us a comprehensive suite of eTrading tools as well as reporting functionality through Oracle into our Qlikview system.

Further clarity is needed with regard to the future of the Welsh Government contract and central programme, which has for a number of years supported the use and introduction of a number of these e-procurement tools.

The recruitment and retention of key procurement capability remains a significant challenge for NWSSP and it continues to be highlighted as a significant risk within our risk register. It has been evident for a number of years that despite additional investment in continued training and development programmes, the retention of staff remains a significant problem once staff have attained their professional qualification or more worryingly these days there is an increasing demand for part qualified middle grade staff who have in our case gained a wide range of experience across a number of areas of the organisation. This predominantly manifests itself in the professional frontline procurement and sourcing teams, although professional drivers of HGVs to support our supply chain operation are equally problematic. It must be noted that the challenge of recruitment of professional procurement staff is not unique to the NHS Wales or indeed the Welsh Public Sector. We are aware from our extensive network of contacts across the wider UK that this is an ongoing problem and in some parts of the country particularly London there are on average 50% of the senior procurement staff on interim contracts through agencies because of the problem recruiting staff to substantive posts.

The audit recommendation to review this is welcomed along with any initiative or recommendations that would help address this problem. However, there will need for very careful consideration of the national terms and conditions of employment contracts, which particularly underpin the NHS position, and whilst this may not be insurmountable, it is a factor that will need careful consideration along with the potential to push up the employment rates within the recruitment market. Working with the NHS Finance colleagues and NHS workforce colleagues we have committed to review the options for Procurement within the NHS including the potential introduction of a recruitment premium, which we believe is being offered in some other parts of the public sector, but was not a feature of the NHS terms of conditions of contract through Agenda for Change. Further work to highlight and understand the extent of the problem is needed.

iii. The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.

The statement by the Cabinet Secretary for Finance to review the NPS and National Procurement Boards is welcomed and fully supported by NWSSP who have actively participated in both Boards over the past few years. Holding a review at this point seems very sensible and offers an opportunity to look at what governance arrangements are appropriate and how these should be shaped to drive procurement across the Welsh public sector for the near future.

iv. The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.

From an NHS perspective, the establishment of NWSSP and the partnership model has been a catalyst for the significant and further development of the collaborative arrangements, which underpin many of the support services provided to NHS Wales. In particular, there has been a history of closer working across the procurement arena, which has been further strengthened and built upon over the last few years when the NHS has taken advantage of economies of scale, skill, consolidation and standardisation of systems and processes. The added momentum and benefit of incorporating the Accounts Payable, procurement and supply chain functions have clearly started to bare significant fruit and now forms an integral important part of the wider P2P operation within NHS Wales. The savings delivered under NWSSP are substantial and bare testament to a number of improvements in the operating effectiveness of a range of services including

management of a single electronic catalogue for Wales, the development of e-
Trading circa now approaching 90% across NHS Wales, and the development of a
range of KPIs and reporting activity. There has also been significant investment in
the development of staff to support the challenges that we face, but also to
attempt to address some of the recruitment and retention issues previously
covered. The implementation of standard operating processes and procedures has
also provided a solid basis on which to develop and this remains part of a
wider programme of activity underpinned by the further development of the No PO
No Pay policy, which is now part of a work stream through the Finance Academy
across NHS Wales. The wider collaboration both within the Welsh public sector and
indeed further a field, where deemed appropriate continues to be an important
part of the work that has been undertaken and the NHS Procurement strategy that
was developed through 2017, highlights and points to a number of initiatives and
issues which form part of our 5 year programme of activity. NHS Wales has
welcomed the development of the NPS and as members of the project team helped
contribute towards the development of the initial Business Case and the proposed
setup of the organisation. It is probably fair to say that the introduction of the NPS
has had a mixed reaction and it has been a “difficult birth” especially given the
delays in delivering the expected framework contracts and potential savings. That
said more recently the NPS has begun to deliver a number of arrangements which
should provide benefit to the wider public sector going forward and the principle
of collaboration and ‘Once for Wales’ is fully supported. Taking the NPS forward
remains a challenge especially with an extensive customer base with a mixture of
requirements and demands. It is timely to review and reflect on the NPS and
consider those areas on a national or regional basis that the NPS can deliver best
value and impact.

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Cyfrifon Cyhoeddus: Caffael Cyhoeddus
Ymateb gan Llywodraeth Cymru

Rôl Arweiniol Llywodraeth Cymru

Mae gan Lywodraeth Cymru rôl bwysig wrth osod y cyfeiriad, wrth ddatblygu polisi mewn meysydd sy'n bwysig i Gymru, ac wrth arwain yn gadarn ac yn glir ym maes caffael cyhoeddus yng Nghymru. Mae wedi gwneud hyn drwy Ddatganiad Polisi Caffael Cymru, sy'n rhestru deg o egwyddorion clir ac yn amlinellu'r hyn sy'n ddisgwyliedig gan gyrff y sector cyhoeddus a Llywodraeth Cymru er mwyn sicrhau gwell canlyniadau drwy gaffael. Mae Llywodraeth Cymru hefyd yn ceisio arwain drwy esiampl lle bynnag y bo hynny'n bosibl, ac mae wedi mabwysiadu nifer o'r polisiâu a'r dulliau o gaffael a geir yn y Datganiad fel rhan o'i brosesau caffael ei hun.

Datganiad Polisi Caffael Cymru

Cyhoeddwyd Datganiad Polisi Caffael Cymru am y tro cyntaf yn 2012, a hynny gan y Gweinidog Cyllid ar y pryd. Cyhoeddwyd [y Datganiad ar ei newydd wedd](#) yn 2015, er mwyn i'r egwyddorion ynddo gyd-fynd â'r newidiadau i Reoliadau Contractau Cyhoeddus 2015. Nodwyd mai'r bwriad hefyd oedd i'r Datganiad gyd-fynd â gofynion Deddf Llesiant

Cenedlaethau'r Dyfodol, a oedd newydd gael ei phasio. Ymrwymodd y sector cyhoeddus yng Nghymru i gydymffurfio â Datganiad Polisi Caffael Cymru, gan gydnabod bod hwnnw'n gosod cyfeiriad polisi Llywodraeth Cymru ar gyfer caffael yng Nghymru. Mae'r sector wedi ymrwymo yn y fath fodd drwy greu llythyrau ffurfiol ac/neu drwy gymeradwyo'r Datganiad yn y Bwrdd Caffael.

Ceir isod grynoded o effaith pob un o egwyddorion Datganiad 2015, ynghyd â'r cynnydd a wnaed gyda'r rheini:

Strategol

Mae'r Datganiad yn nodi y dylai gwaith caffael gael ei gydnabod a'i reoli fel swyddogaeth gorfforaethol strategol sy'n trefnu a deall gwariant; sy'n dylanwadu ar y gwaith cynnar o gynllunio a threfnu gwasanaethau ac sy'n cyfrannu at y broses benderfynu er mwyn cefnogi'r gwaith o gyflawni amcanion cyffredinol.

Er mwyn helpu i gyflawni hyn, rhoddodd Llywodraeth Cymru raglen o Wiriadau Ffitrwydd

Caffael ar waith yn 2014, a'i chyflwyno mewn 31 o sefydliadau. Rhoddodd Llywodraeth Cymru gymorth i alluogi'r sefydliadau i roi sylw i gynlluniau gwella a oedd wedi deillio o'r adolygiadau. Ar ôl ymgysylltu â rhanddeiliaid yn 2015, datblygwyd dull newydd o gynnal adolygiadau, a hwnnw wedi'i seilio ar hunanasesiadau. Treialwyd y dull hwn ymhlith nifer bychan o gyrff cyhoeddus. Ar 21 Medi 2017, cyhoeddodd Ysgrifennydd y Cabinet dros Gyllid bod rhaglen newydd i adolygu gallu bellach yn cael ei datblygu, law yn llaw â'r adolygiad o'r Gwasanaeth Caffael Cenedlaethol a Gwerth Cymru. Mae Adroddiad Swyddfa Archwilio Cymru ar Gaffael Cyhoeddus yn argymhell defnyddio'r Gwiriadau Ffitrwydd mewn ffordd fwy cyson, gyda gwell canllawiau a gwaith dadansoddi gan Lywodraeth Cymru. Drwy gydweithio, y bwriad yw y bydd modd cynnal y gwiriadau hyn mewn ffordd newydd drwy gyflwyno rhaglen newydd ar gyfer caffael.

Adnoddau Proffesiynol

Mae Llywodraeth Cymru wedi hyrwyddo safon fyd-eang y Sefydliad Siartredig Caffael a Chyflenwi fel fframwaith y dylai gyrff y sector cyhoeddus yng Nghymru ei ddefnyddio er mwyn helpu i ddatblygu gallu proffesiynol a rhoi trywydd i unigolion ei ddilyn wrth ddatblygu sgiliau a gwneud cynnydd yn eu gyrfaedd yn y dyfodol. Yn sgil prosiect Defnyddio Doniau Cymru Cronfa Gymdeithasol Ewrop, a ddaeth i ben ym mis Mehefin 2015, cafwyd 38 o hyfforddeion caffael newydd, a fu'n helpu amryw o sefydliadau i arbed dros £7 miliwn.

Effaith Economaidd, Gymdeithasol ac Amgylcheddol

Mae Llywodraeth Cymru wedi rhoi arweiniad a chyfeiriad clir i sicrhau effeithiau ehangach, cadarnhaol yn sgil caffael. Mae gyrff cyhoeddus wedi cael eu hannog i fabwysiadu'r diffiniad ehangach o 'Werth' yn unol â Datganiad Polisi Caffael Cymru, gan osgoi rhoi contractau ar sail y pris yn unig. Mae Gwerth Cymru wedi datblygu cyngor a chanllawiau am bolisi yn y maes hwn i gyd-fynd ag egwyddorion y Datganiad, ac mae'r rhain ar gael yn gyhoeddus yn y Canllaw Cynllunio Caffael – mae canllawiau penodol ar gael yn y meysydd polisi pwysig hyn:

Y Cod Ymarfer

Mae'r Cod Ymarfer ar Gyflogaeth Foesegol mewn Cadwyni Cyflenwi, a gyhoeddwyd ym mis Mawrth 2017, yn sicrhau bod gweithwyr sy'n ymwneud â contractau cyhoeddus yn cael eu trin yn deg ac yn cael telerau teg, ac mae'n rhoi sylw i faterion fel caethwasiaeth fodern, y cyflog byw a hunangyflogaeth ffug. Mae disgwyl i bob sefydliad sy'n cael cyllid cyhoeddus, boed yn uniongyrchol neu drwy grantiau neu gontractau, ymrwymo i'r Cod.

Neilltuo Contractau

Llywodraeth Cymru oedd y weinyddiaeth gyntaf i achub ar y cyfle i neilltuo contractau ar gyfer gweithdai cysgodol. Roedd y nifer a fanteisiodd ar y trefniadau hyn yn siomedig, a'r argraff o hyd yw nad yw trefniadau neilltuo o'r fath yn rhoi cystal gwerth am arian â'r hyn a geir drwy gystadleuaeth ar y farchnad agored. Er mwyn annog mwy i neilltuo contractau, mae Llywodraeth Cymru'n arwain gwaith i greu eglurder ynghylch pwy sy'n gymwys, ac mae'n gweithio gyda Busnes Cymdeithasol Cymru i wella'r wybodaeth am y farchnad ar gyfer y sector cyhoeddus a'r ochr gyflenwi.

Swyddi Gwell yn Nes Adref

Mae gwaith hefyd yn mynd rhagddo ar ein rhaglen Swyddi Gwell yn Nes Adref – rhaglen sy'n canolbwyntio ar gydlyn ystod o ymyriadau polisi, ym mhob rhan o Lywodraeth Cymru, er mwyn defnyddio caffael cyhoeddus i greu swyddi a chynnig hyfforddiant yn ein cymunedau tlotaf. Mae'r rhaglen yn rhan o'n cynllun gweithredu 'Ein Cymoedd Ein Dyfodol' ac mae pedair rhaglen beilot ar waith, sef modelau o ymyriadau masnachol y gellid, os byddant yn llwyddiannus, eu cyflwyno mewn mannau eraill.

Adnodd Dadansoddi Gwariant Atamis

Er mwyn deall yn well sut y gellir gwireddu potensial caffael cyhoeddus, mae Llywodraeth Cymru wedi rhoi gwasanaeth dadansoddi gwariant i'r sector cyhoeddus, a hwnnw'n cael ei gyllido'n ganolog. Credwyd ei bod yn bwysig i sefydliadau allu cael y wybodaeth ddiweddaraf, a hynny'n rheolaidd, am wariant rhanddeiliaid. Yn eu plith y mae sefydliadau unigol yn y sector cyhoeddus a'r rhai sy'n rhan o Lywodraeth Cymru, gan gynnwys y Gwasanaeth Caffael Cenedlaethol, Gwerth Cymru, a'r Grŵp Digidol a Data. Ers mis Awst

2015, drwy'r darparwr gwasanaeth presennol, mae gwaith wedi mynd rhagddo gyda'r Gwasanaeth Caffael Cenedlaethol a sefydliadau ledled Cymru er mwyn casglu gwybodaeth a sicrhau bod pobl yn gallu gweld y wybodaeth honno.

Mae'r gwasanaeth wedi golygu bod modd gweld a dadansoddi data am wariant caffael mewn ffordd ddiogel, a hynny'n rhoi mwy o wybodaeth am nifer o ddangosyddion gwariant pwysig. Mae'r data hwn am wariant wedi helpu i greu cyfleoedd i gaffael ar y cyd mewn categorïau o bwys. Mae hefyd wedi helpu i ddatblygu a chynllunio strategaethau caffael ac ateb gofynion sy'n deillio o bolisïau a rhaglenni ehangach fel Swyddi Gwell yn Nes Adref a'r agenda datgarboneiddio. Mae'r gwaith wedi mynd rhagddo'n gadarnhaol ac wedi bod yn llwyddiannus wrth

Tudalen y pecyn 52

gyflawni ei amcanion, yn bennaf yn sgil maint y data am wariant sy'n cael ei gasglu gan sefydliadau.

Wrth ymateb i adroddiad diweddar Swyddfa Archwilio Cymru ar Gaffael Cyhoeddus yng Nghymru, mae Llywodraeth Cymru yn adolygu ei ganllawiau ar gyfer sut i ymwneud â'r prosiect dadansoddi gwariant. Mae gwahoddiad wedi'i roi i'r sector addysg bellach i ymwneud â'r gwaith hwn, ac rydym yn edrych ar gyfleoedd i gynnwys cyrff a noddir. Y bwriad yw y bydd crynodeb o'r gwir wariant drwy ei Fframweithiau yn cael ei gynnwys yn Adroddiadau Blynyddol y Gwasanaeth Caffael Cenedlaethol.

Cyflwyno Cynnig ar y Cyd

Mae dulliau arloesol fel ein canllawiau i gyflwyno cynnig ar y cyd yn helpu i sicrhau bod contractau cyhoeddus yn cael eu creu mewn ffyrdd sy'n ei gwneud yn rhwydd i gonsortia gynnig amdanynt, ac mae hefyd yn helpu busnesau bach a chanolig eu maint i oresgyn yr heriau sy'n eu hwynebu wrth geisio ennill contractau cydweithredol gwerth uchel gan y sector cyhoeddus. Contractau yw'r rhain na fyddent yn gallu cystadlu amdanynt ar eu pennau'u hunain. Yn ystod 2017, mae data GwerthwchiGymru yn dangos bod gan 25% o'r holl hysbysiadau contractau a hysbysebwyd ar GwerthwchiGymru dic yn y blwch sy'n dangos bod y tendrau yn addas ar gyfer cynigion gan gonsortia (928 o'r 3599 o hysbysiadau).

Cosbrestru

Llywodraeth Cymru oedd y weinyddiaeth gyntaf i fod yn gadarn ynghylch cosbrestru, ac roedd y Nodyn Cyngor Caffael a ddatblygwyd yn rhoi eglurder yr oedd ei wir angen ar brynwyr ynghylch pryd y gellid gwahardd cyflenwyr a oedd yn ymwneud â chosbrestru. Mae defnyddio'r Nodyn hwn drwy Gymru wedi cael effaith gadarnhaol ar y diwydiant.

Manteision Cymunedol

Mae Llywodraeth Cymru wedi rhoi cymorth ac arweiniad er mwyn galluogi sector cyhoeddus Cymru i sicrhau'r gwerth mwyaf o gaffael drwy sicrhau manteision cymunedol. Mae Llywodraeth Cymru wrthi'n hwyluso cyfres o gynlluniau peilot sy'n ceisio sicrhau manteision cymunedol, gan alluogi cyrff cyhoeddus i wreiddio egwyddorion Deddf Llesiant Cenedlaethau'r Dyfodol yn eu prosesau caffael. Mae Cymuned Ymarfer yn cyfarfod ddwywaith y flwyddyn ar gyfer swyddogion yn y sector cyhoeddus sydd â diddordeb mewn sicrhau manteision cymunedol neu sy'n cyfrannu at y gwaith hwnnw. Rydym wedi datblygu adnoddau i hyrwyddo'r modd y

sicrheir Manteision Cymunedol, ac er mwyn cymell hynny. Bydd modiwl e-ddysgu newydd ar Fanteision Cymunedol yn cael ei lansio yn gynnar yn 2018, a bydd hwn yn helpu i ddatblygu gallu ac yn hyrwyddo'r maes ymhellach.

Cystadleuaeth Agored, Hygyrch

Mae'n hanfodol i gyflenwyr bychain a chwmnïau'r trydydd sector bod y cyfleoedd i gael contractau cyhoeddus yn agored ac yn hygyrch, ac mae Datganiad Polisi Caffael Cymru yn ei gwneud yn ofynnol hysbysebu pob contract sy'n werth dros £25k ar GwerthwchiGymru.

Hysbysiadau Gwerth Isel

Mae nifer yr hysbysiadau am contractau gwerth isel a hysbysebir ar GwerthwchiGymru (h.y. y rhai sydd o dan drothwy'r OJEU – Cyfnodolyn Swyddogol yr Undeb Ewropeaidd – ac yn fwy tebygol o gael eu hennill gan gwmnïau'r trydydd sector a chyflenwyr llai o Gymru) wedi cynyddu o 80% o'r holl hysbysebion a gyhoeddwyd yn 2015–16 i 84% yn 2016–17. Mae hyn wedi golygu bod nifer y contractau gwerth isel sydd wedi'u hennill gan fusnesau o Gymru wedi cynyddu o 50% yn 2015–16 i 55% yn 2016–17.

Mae Llywodraeth Cymru wedi nodi argymhelliad Swyddfa Archwilio Cymru y dylai hyrwyddo gwell defnydd o'r SQuID (Cronfa Ddata Gwybodaeth am Gymwysterau Cyflenwyr) a bydd yn creu arolwg i ganfod y defnydd a wneir o'r gronfa a pha gymorth pellach y mae ei angen er mwyn iddi ennill ei phlwyf.

Prosesau Safonol Syml

Mae nifer o gamau wedi'u cymryd er mwyn helpu i sicrhau bod prosesau caffael yn agored ac yn hygyrch, a hynny ar sail dulliau safonol a'r defnydd o systemau cyffredin sy'n lleihau cymaint ag y bo modd ar gymhlethdod, costau, amser a'r gofynion i gyflenwyr.

Y Gwasanaeth eGaffael (ePS)

Daeth rhaglen y Gwasanaeth eGaffael, a oedd yn cael ei chyllido'n ganolog, i ben ar 31 Mawrth 2017. Roedd y rhaglen hon yn cynnwys ystod o wasanaethau eGaffael (tendro, masnachu a thaliadau electronig), a chymorth i helpu gyda'r newid hwn ac i alluogi pobl i ddefnyddio'r dechnoleg. Roedd modd i gyrff y sector cyhoeddus yng Nghymru ddefnyddio'r gwasanaethau a'r cymorth a oedd ar gael i helpu gyda'r newid yn rhad ac am ddim. Er i'r rhaglen ddod i ben yn ffurfiol ar 31 Mawrth 2017, mae contractau'n dal i fodoli tan fis Ionawr 2019 a gall gyrff y sector cyhoeddus yng Nghymru barhau i ddefnyddio'r dechnoleg yn rhad ac am ddim tan hynny. Mae

cyngor wrthi'n cael ei baratoi er mwyn argymhell sut y dylid bwrw ymlaen ar ôl i'r contractau ddod i ben.

Cyfrifon Banc Prosiectau

Er mwyn rhoi sylw i'r problemau y mae cwmnïau bach yn aml yn eu hwynebu yn sgil taliadau hwyr, arweiniodd Llywodraeth Cymru y gwaith o gyflwyno Cyfrifon Banc Prosiectau. Mae hyn yn sicrhau bod isgontractwyr yn cael eu talu'n brydlon ac mewn ffordd deg, ac mae'n gwella'r berthynas rhwng gwahanol bartïon yn y gadwyn gyflenwi.

Cydweithio

Roedd Datganiad Polisi Caffael Cymru yn ei gwneud yn ofynnol rhoi sylw ar y cyd i feysydd gwariant cyffredin, a hynny gan ddefnyddio dulliau a manylebau wedi'u safoni, a'r rheini o dan reolaeth y Gwasanaeth Caffael Cenedlaethol. Y nod oedd lleihau dyblygu, denu'r ymateb gorau gan y farchnad, gwreiddio egwyddorion y Datganiad Polisi hwn er budd

Cymru, a rhannu adnoddau ac arbenigedd. Ers ei greu, mae'r Gwasanaeth Caffael Cenedlaethol, law yn llaw â Gwerth Cymru, wedi gallu sicrhau cynnydd wrth ymelwa cymaint ag y bo modd ar werth caffael yn yr ystyr ehangaf. Gwnaed hyn drwy gynyddu nifer y cyflenwyr o Gymru, a chwmnïau bach a chanolig eu maint yn enwedig, sy'n ennill contractau cyhoeddus, a thrwy wreiddio Datganiad Polisi Caffael Cymru ym mhrosesau caffael y sector cyhoeddus yng Nghymru. Drwy'r Gwasanaeth Caffael Cenedlaethol, mae'r sector cyhoeddus yng Nghymru yn gallu manteisio ar gydweithio wrth gaffael, ac mae'r prosesau hynny wedi'u datblygu a'u cyflwyno yng Nghymru er budd Cymru.

Mae adroddiad Swyddfa Archwilio Cymru ar y Gwasanaeth Caffael Cenedlaethol yn cydnabod yr heriau sy'n bodoli wrth gydweithio ar gaffael, ac mae'n cydnabod pa mor anodd yw ateb anghenion pob sefydliad. Mae'n werth cofio bod y cydweithio gorau drwy'r Gwasanaeth Caffael Cenedlaethol yn digwydd yn y meysydd hynny lle mae gan sefydliadau staff penodol sy'n gyfrifol am y meysydd dan sylw. Ar y cyfan felly, mae modelau cydweithio ym meysydd ynni, fflyd, staff asiantaeth a TGCh wedi arwain at atebion llwyddiannus ac wedi golygu bod modd rhoi adborth a gwella'n rheolaidd.

Ymgysylltu â Chyflenwyr ac Arloesi

Mae Datganiad Polisi Caffael Cymru yn annog deialog â chyflenwyr i helpu i gael y gorau o'r farchnad, i hysbysu ac addysgu cyflenwyr, ac i sicrhau'r gwerth gorau am

arian. Er mwyn rhoi hwb i hyn, cyflwynodd Llywodraeth Cymru y Gwasanaeth Gwrando ar Gyflenwyr er mwyn galluogi cyflenwyr i fynegi pryderon a rhoi adborth am gaffael cyhoeddus yng Nghymru. Drwy roi un pwynt cyswllt i gyflenwyr, gall tîm annibynnol a diduedd fynd i'r afael yn effeithiol â phroblemau gyda chaffael cyhoeddus (tîm datblygu polisi a gallu Gwerth Cymru sy'n rheoli'r Gwasanaeth Gwrando ar Gyflenwyr, ac mae'n annibynnol ar yr awdurdodau contractio).

Mae'r Gwasanaeth Gwrando wedi cael ei hyrwyddo ymhlith busnesau ac awdurdodau contractio. Rydym yn cymryd camau i hysbysebu'r gwasanaeth yn ehangach ymhlith cyflenwyr, er enghraifft drwy ofyn i awdurdodau ei hysbysebu a rhoi dolen ar eu gwefannau.

Datblygu a Gweithredu Polisi

Ers lansio fersiwn 2015 o Ddatganiad Polisi Caffael Cymru, mae Llywodraeth Cymru wedi helpu'r sector cyhoeddus yng Nghymru gyda'u prosesau caffael cyhoeddus drwy ddatblygu ystod o gynlluniau polisi sydd wedi canolbwyntio ar faterion sy'n bwysig i Gymru. Mae canllawiau a chynghor am bolisi wedi'u datblygu a'u cyhoeddi ar ffurf Nodiadau Cynghor Caffael, a hynny ym meysydd Manteision Cymunedol, Cyfrifon Banc Prosiectau, Cosbrestru, y Cod Ymarfer ar Gyflogaeth Foesegol mewn Cadwyni Cyflenwi, Ymgeisio ar y Cyd, Cefnogi Cyrchu Dur mewn Prosiectau Adeiladu a Seilwaith Mawr, Taliadau Ambarél, Cytundebau

Fframwaith, Cytundebau Fframwaith Tybiannol, Neilltuo Contractau, diweddariad SQuID (Cronfa Ddata Gwybodaeth am Gymwysterau Cyflenwyr), y Cod Ymarfer Diwygiedig ar Faterion y Gweithlu, ac Adnoddau eGaffael.

Mesur ac Effaith

Fel atodiad i Ddatganiad Polisi Caffael Cymru, ceir ystod o ddangosyddion sy'n ceisio mesur effaith y Datganiad a helpu i ddatblygu aeddfedrwydd wrth gaffael ledled Cymru. Datblygwyd y rhain drwy gynnal trafodaeth â rhanddeiliaid yn y sector cyhoeddus, ond am sawl rheswm, nid yw pawb wedi'u mabwysiadu.

Datganiad Polisi Caffael Cymru – y casgliadau

Fel y nodwyd yn y ddogfen hon, mae'r broses o fabwysiadu egwyddorion Datganiad Polisi Caffael Cymru, a hynny'n eang, wedi cael effaith gadarnhaol mewn nifer o feysydd pwysig, ac mae hyn wedi arwain at fudd uniongyrchol i Gymru. I grynhoi:–

Mae cyflenwyr wedi cael budd: Mae symleiddio'r broses gaffael a sicrhau bod contractau'n agored ac yn hygyrch wedi golygu bod y gwariant sy'n mynd i

gyflenwyr o Gymru wedi parhau ar lefel o tua 50% mewn sectorau allweddol fel adeiladu, ac mae mabwysiadu egwyddorion y Datganiad Polisi yn golygu bod dros 70% o'r contractau mawr a roddir drwy Gwerthwchi Gymru bellach yn mynd i gontractwyr o Gymru.

Mae economi a dinasyddion Cymru wedi cael budd: Mae'r polisi Manteision Cymunedol yn helpu i drechu tlodi yn ardaloedd tlotaf Cymru, gan sicrhau bod arian a gaiff ei wario yng Nghymru yn aros yng Nghymru, a rhoi cyfleoedd gwaith a hyfforddiant i bobl ddifreintiedig.

Mae rhanddeiliaid yn y sector cyhoeddus wedi cael budd: Mae Gwerth Cymru wedi rhoi cyfarwyddyd ac arweiniad clir i gyrff y sector cyhoeddus i'w galluogi i sicrhau'r canlyniadau cadarnhaol mwyaf posibl o'r prosesau caffael. Drwy'r Gwiriadau Ffitrwydd Caffael, ynghyd â chymorth ariannol, roedd modd i gyrff y sector cyhoeddus wella eu gallu a meincnodi eu hunain ochr yn ochr â sefydliadau eraill.

Mae gweithwyr sy'n gweithio ar gontractau cyhoeddus wedi cael budd: Mae polisiâu fel y Cod ar Gyflogaeth Foesegol, Cosbrestru a Thaliadau Ambarél wedi helpu i sicrhau bod pobl yn cael eu cyflogi mewn ffordd deg a moesegol yn is i lawr cadwyni cyflenwi'r sector cyhoeddus.

Mae'r Gwasanaeth Caffael Cenedlaethol wedi dechrau creu cyfres o adroddiadau sy'n edrych ar astudiaethau achos er mwyn helpu i gynyddu ymwybyddiaeth am yr hyn y mae'n ei wneud i greu cyfleoedd i fusnesau bach a chanolig eu maint.

Y 'Rhaglen ar gyfer Caffael' a'r camau y mae Llywodraeth Cymru yn eu cymryd i adolygu ffitrwydd trefniadau caffael cyrff cyhoeddus unigol ac i hyrwyddo e-gaffael

Bydd y Rhaglen ar gyfer Caffael yn cael ei chwblhau'n llawn drwy'r broses adolygu a gyhoeddwyd gan Ysgrifennydd y Cabinet dros Gyllid ym mis Medi 2017. Yn y cyfamser, bydd Llywodraeth Cymru'n parhau i roi arweiniad a chymorth i alluogi'r sector cyhoeddus yng Nghymru i sicrhau'r gwerth gorau o gaffael.

Bydd Gwerth Cymru yn parhau i reoli'r gwaith o greu polisi, monitro arferion, cefnogi a chynghori gweithwyr proffesiynol, datblygu'r proffesiwn caffael, a galluogi sefydliadau i gydymffurfio â rheoliadau'r Undeb Ewropeaidd. Bydd yn cyflawni'r gwaith hwn gydag ac ar ran pawb sy'n gwario arian ar nwyddau a gwasanaethau yn sector cyhoeddus Cymru (gan gynnwys Llywodraeth Cymru a'r Gwasanaeth Caffael Cenedlaethol).

Mae Gwerth Cymru wedi cytuno gyda chwsmeriaid ar raglen interim o brosiectau polisi a gallu yn hyn o beth. Bydd yn bwrw ymlaen â'r rhaglen waith hon wrth i'r adolygiad fynd rhagddo, a chyn cyflwyno'r Rhaglen ar gyfer Caffael yn llawn. Mae'r prosiectau sydd ar y gweill yn cynnwys:

- Rhaglenni peilot sy'n ymwneud â Llesiant Cenedlaethau'r Dyfodol (gan roi sylw i adnoddau cymorth safonol; caffael bwyd; plastig a phecynnu; a hyfforddiant);
- Polisi a chymorth ar gyfer datgarboneiddio;
- Rhaglenni peilot Swyddi Gwell;
- Rhaglen beilot ar yr Economi Gylchol;
- Datblygu rhaglen newydd ym maes gallu, gan gynnwys dull newydd o gynnal gwiriadau ffitrwydd caffael; a
- Datblygu diffiniad newydd o werth caffael sy'n cyd-fynd â Ffyniant i Bawb a'r Cynllun Gweithredu Economaidd.

Bydd y Gwasanaeth Caffael Cenedlaethol yn parhau i greu a rheoli contractau a fframweithiau ar gyfer y pethau cyffredin y mae'r rhan fwyaf o sefydliadau yn eu prynu. Mae gan y Gwasanaeth Caffael Cenedlaethol gynlluniau ar gyfer gwaith yn y dyfodol ac mae'n bwriadu cyflwyno'r contractau a'r fframweithiau hyn a fydd yn cael eu rhoi ar waith ar y cyd â'r 73 o sefydliadau sy'n gwsmeriaid iddo yng Nghymru.

Bydd Gwerth Cymru hefyd yn cynnal y berthynas sydd ganddo i drafod materion polisi caffael gyda Llywodraeth y DU; yn cyfrannu o safbwynt polisi at broses Brexit yng nghyd-destun caffael; yn cynghori Gweinidogion Cymru ynghylch effaith polisi caffael a pholisi masnachol; ac yn rheoli comisiynau corfforaethol Llywodraeth Cymru.

Materion sy'n ymwneud â recriwtio a chadw gallu caffael allweddol

Mae cryn ymwybyddiaeth o'r gwerth y gall gallu caffael a gallu masnachol cryf ei roi i sefydliadau, yn rhai cyhoeddus a phreifat ill dau. Mae hyn wedi arwain at alw mawr am adnoddau a all fod yn brin mewn rhannau o Gymru neu mewn sectorau penodol. Mae adroddiad Swyddfa Archwilio Cymru ar gaffael cyhoeddus yn cydnabod bod angen edrych ar effaith cyflogau gwahanol i staff mewn gwahanol sectorau. Mae presenoldeb asiantaethau mawr Llywodraeth y Deyrnas Unedig, sydd ag adrannau masnachol a chaffael cryf, wedi cynyddu'r pwysau ar sector

cyhoeddus Cymru, yn sgil y telerau cyflogaeth gwell sy'n cael eu cynnig gan Lywodraeth y Deyrnas Unedig.

Mae GIG Cymru wedi dweud wrth y Bwrdd Caffael yn y gorffennol bod y materion hyn yn achosi pryder. Mae cwsmeriaid wedi dweud eu bod yn dymuno gweithio gyda Llywodraeth Cymru i ddatblygu rhaglen ar gyfer gallu caffael yn y dyfodol, ac efallai y gellid dod o hyd i ffordd o ystyried a datblygu atebion ar y cyd i'r argymhelliad hwn.

Mae'r Rhaglen ar gyfer Caffael yn cynnwys elfen newydd sy'n ymwneud â Gallu ac Arweiniad, a honno'n benodol yn ceisio gwella gallu caffael a phroffesiynoldeb drwy holl sector cyhoeddus Cymru.

Pa mor effeithiol yw trefniadau llywodraethu cenedlaethol, hefyd yng nghydestun datganiad diweddar Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol (21 Medi 2017) a chynlluniau Llywodraeth Cymru i uno Bwrdd y Gwasanaeth Caffael Cenedlaethol a'r Bwrdd Caffael Cenedlaethol.

Bu gan Gwerth Cymru a'r Gwasanaeth Caffael Cenedlaethol lefelau amrywiol o lywodraethu dros y blynyddoedd diwethaf. Mae'r Bwrdd Caffael wedi rhoi'r lefel uchaf o lywodraethu ar gyfer gweithredu a darparu polisi caffael cyhoeddus drwy Gymru, gan adrodd yn uniongyrchol i Ysgrifennydd y Cabinet sy'n gyfrifol am Gaffael. Mae'r Gwasanaeth Caffael Cenedlaethol yn atebol i'r rhanddeiliaid sy'n aelodau ohono am ei berfformiad, a hynny drwy Fwrdd y Gwasanaeth Caffael Cenedlaethol sy'n rhoi cyfeiriad strategol a Grŵp Cyflenwi'r Gwasanaeth Caffael Cenedlaethol sy'n rhoi cyfeiriad gweithredol.

Bydd y modd y caiff caffael ei lywodraethu yn cael ei adolygu fel rhan o'r broses o addasu rôl y Gwasanaeth Caffael Cenedlaethol a Gwerth Cymru, fel y cyhoeddwyd yn y Datganiad Ysgrifenedig a wnaed gan Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol ar 21 Medi 2017.

Effaith a pha mor effeithiol yw'r trefniadau i gydweithio ar gaffael drwy'r prif gonsortia caffael yng Nghymru a'r sefydliadau prynu cyhoeddus, gyda ffocws penodol ar rôl a datblygiad y Gwasanaeth Caffael Cenedlaethol.

Rhoddwyd sylw i hyn o dan yr adran am 'Gydweithio' ar dudalen 5. Mae'r Gwasanaeth Caffael Cenedlaethol, a sefydlwyd ym mis Tachwedd 2013, yn rhoi ffocws i gydweithio ar gaffael drwy holl sector cyhoeddus Cymru, gan sicrhau arbedion a gwreiddio polisi Gwerth Cymru yn ei waith. Yr egwyddor yw prynu unwaith yn unig i Gymru. Er mwyn i hynny gael effaith a llwyddo, rhaid i bob sefydliad ddefnyddio'r Gwasanaeth ar gyfer y categorïau lle ceir gwariant ar yr un pethau dro ar ôl tro.

Mae adroddiad Swyddfa Archwilio Cymru ar y Gwasanaeth Caffael Cenedlaethol yn cydnabod yr heriau sy'n bodoli wrth gydweithio ar gaffael, ac mae'n cydnabod pa mor anodd yw ateb anghenion pob sefydliad. Mae hefyd yn argymhell y dylid gwneud rhagor o waith i hyrwyddo'r defnydd o Fframweithiau'r Gwasanaeth Caffael Cenedlaethol ac i ddangos manteision y rhain, ac mae'r gwaith hwn yn mynd rhagddo. Bydd hyn hefyd yn cynnwys cyflwyno proses newydd i sicrhau eglurder ynghylch y broses pan fydd sefydliadau am gael eu heithrio o'r trefniadau hyn.

Barn am adroddiadau Archwilydd Cyffredinol Cymru ar Gaffael Cyhoeddus yng Nghymru ym mis Hydref 2017 ac ar y Gwasanaeth Caffael Cenedlaethol ym mis Tachwedd 2017.

Rydym yn falch bod Swyddfa Archwilio Cymru yn cydnabod pwysigrwydd cyfraniad caffael tuag at ddarparu gwasanaethau cyhoeddus i Gymru. Rydym yn croesawu casgliadau'r adroddiadau ar Gaffael Cyhoeddus yng Nghymru a'r Gwasanaeth Caffael Cenedlaethol ill dau. Mae'r argymhellion yn y naill adroddiad ar llall wedi cael eu derbyn; byddant o gymorth mawr wrth ddatblygu ar y cynnydd a wnaed hyd yma, ac maent yn amserol iawn wrth addasu rôl Gwerth Cymru a'r Gwasanaeth Caffael Cenedlaethol, fel y cyhoeddodd Ysgrifennydd y Cabinet dros Gyllid ar 21 Medi 2017. Mae gwaith yn mynd rhagddo i roi sylw i'r argymhellion yn y ddau adroddiad, mewn ymgynghoriad â rhanddeiliaid yn y sector cyhoeddus, busnesau a phartneriaid cymdeithasol. Er hwylustod, mae copïau o ymatebion Llywodraeth Cymru a gyhoeddwyd ar 6 Tachwedd 2017 ac 14 Rhagfyr wedi'u hatodi isod:-



2017-11-06 Letter to WAO - Re...



2017-12-14 Ltr to AGW re NPS s...

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Welsh Local Government Association – Richard Dooner, Project manager

1. The Welsh Government's leadership role for public procurement in Wales.

i. the overall impact of the 2015 procurement policy statement

There is little if any impact of the WPPS 2015; which was a light update to earlier policy and was considered to be a holding statement pending the development of a more comprehensive statement.

The draft policy was considered to be in need of review and update. In recognition of this Welsh Government has assured Local Government that the 2015 policy statement temporary in nature, to be reviewed and renewed.

Local Authorities were promised consultation on any future procurement policy.

ii. the planned 'Programme for Procurement.'

This planned programme has yet to be published.

iii. Actions that the Welsh Government is taking forward to review the fitness of individual public bodies' procurement arrangements.

A proper externally validated Procurement Fitness Check programme would be welcome as it can raise the profile of procurement within an organisation and highlight both what is good and what needs to improve.

There has however been a hiatus in the Welsh Government programme and there have been no checks for two years. These periodic inspections were a slimline version of an earlier procurement Fitness Check programme, aligned to Value Wales work streams; a necessary compromise between cost and utility.

The gap in continuity during a time of major change in Public Services and Local Government in particular, affords the chance to re-think the approach.

WLGA, with Heads of Procurement in Local Authorities, are in the early process of considering a Welsh equivalent of the measures supporting Local Government in

England. These have replaced Procurement Fitness Checks there, are available and LGA is willing to work with WLGA on the forward programme.

This alternative approach to performance management is aligned to business outcomes. The measure uses 31 Business Value Codes (BVCs) – things that mattered with defined outcomes.

Key lessons from LGA's early adopters are that a procurement strategy needs to be focused on 'what matters' and support actual change. A low score doesn't signify that improvement is required if it is not part of the core proposition for the organisation. County and Borough authorities were found to have different priorities and pressures and different development trajectories. There was also an emerging commonality of future priorities between the regions.

The alternative use of BVC's in England might read across well to Wales. The broad procurement pressures are common and underlying practice is similar.

The BVC process is said to be more resource efficient than PFC's as it is able to be integrated with existing business process and does not require an audit-like intervention. It does however require forms of measurement that are as yet unfamiliar to Welsh Local Government and the prospect of measuring 31 new Business Value Codes is concerning given the already constrained resources of the Welsh procurement community.

iv. Actions that the Welsh Government is taking forward to promote eprocurement.

Conceptual promotion is unnecessary as some form of e-procurement is in place with all Welsh Local Authorities, many of which were early adopters of the technology. Most if not all Welsh Authorities have engaged positively with Welsh Governments implementation programmes and all are committed to eprocurement.

Support for these programmes was however withdrawn by Welsh Government in 2017 at short notice, with much work undone. There is presently deep concern for the ongoing viability of e-procurement systems, their funding and their coordination.

Local Authorities, as Welsh Governments partners in this enterprise, are in limbo pending further information on continuation of support and funding. As a result, Authorities are considering their options for moving forward without Welsh Government involvement.

v. Issues relating to access to the recruitment and retention of key procurement capability.

Recruitment and retention of key procurement capability requires an infrastructure for procurement; which we currently do not have.

The establishment of the National Procurement Service has had unintended consequences for procurement capability in Local Government; having both recruited scarce resource from within Authority ranks that could not be replaced, and then adopted methods which require a high level of input by the remaining staff. Some Local Authorities reduced the size of their procurement teams as a result of the existence of the National Procurement Service.

Unanticipated issues with new NPS arrangements being late or unsuitable for application has further denuded resources in the emergency production of interim arrangements or continuation of legacy frameworks.

The numbers of procurement staff in Local Government are depleted and falling. There is a particular shortage of experienced, senior staff able to contribute to Local Government reform and exploit the opportunities presented by changing legislation and wider environment shaping initiatives such as the Wellbeing of Future Generations Act.

The lack of Value Wales support for staff currently studying is a current issue and one that should be tackled, along with bringing back affordable, good quality procurement training courses for staff in Wales. This is an area in which we have gone backwards in recent years.

An unintended consequence of Value Wales' academic programme has been to up-qualify inexperienced junior staff, without up-skilling them in anything which is useable within procurement teams. This has resulted in qualification linked pay increases over and above the pay of more skilful and experienced staff; affecting morale. This links with other broader and significant aspects such as the general shortage of Procurement people and the age profile of many Procurement staff – which the Value Wales scheme did aim to redress before it was unfortunately stopped.

The ongoing business need is for a robust procurement function for Wales, that all Local Authorities can use, which enables Authorities to manage procurement opportunities and risks to deliver better front line services.

We regret to conclude that this need is not presently being met and that much of the good progress made through previous initiatives has been undone.

vi. The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.

National Governance needs to be supportive of the needs of public service leaders in Wales and responsive to their priorities.

The Welsh Government's plans to merge these Boards seem sensible, given that the NPS is a strategic resource to be deployed within the environment managed by the National Procurement Board, along with all other resources.

The Board requires proximity to leadership, expertise in procurement and expertise in working with those who deliver public services. Its priority must be to be outstanding in the areas that matter most. In austerity the rest needs only to be good enough; the available resource should be prioritised to leaderships need.

Procurement cannot afford to be a pedestrian, inactive, reactive, defensive activity. Its Board must therefore be anticipatory; to provide public services with what its leaders need, when they need it. The Board must therefore be agitating and proactive; not risk averse. 'Safe Fails' must be allowed if potential opportunities are to be explored and exploited.

vii. The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.

The National Procurement Service has generally been ineffective. This is evidenced by non-use by public services and the rejection of NPS arrangements, which for reasons unknown have attracted higher pricing than before while reducing the pool of suppliers able to bid for business. Some frameworks have acted to freeze out local suppliers and prevent incumbent providers from bidding.

Overall, the organisation has had a negative impact on competition and the operation of competitive supply markets in Wales. The prevailing view among practitioners is that the National Procurement Service has taken procurement backwards. Its impact on the WPPS has been negative.

Some of this is due to operational choices with regards to contract lotting strategies and resource allocation. Tactical choices concerning the NPS have also led to the organisation trying to be all things to all people. This is an impossible task. Instead, the organisation needs to be service driven and targeted to activities where national coordination has real impact.

Establishment of the NPS meant the demise of the Welsh Purchasing Consortium which has left a void, not just for collaborative procurement amongst local authorities, but for valuable networking and information sharing amongst procurement leads.

In August 2017 11 representatives of the Heads of Procurement in Local Government undertook a task and finish exercise to review 92 categories of procurement and procurement related services such as supplier engagement or market development activities such as identification of supply voids. This collectively identified the appropriate place for Strategy, Project Management and Procurement Process; identifying each to a National, Regional or local approach. This analysis could provide the basis to identify activities where national coordination should focus.

viii. Other considerations relevant to leadership of procurement in Wales – Social Value.

Welsh Government has led in the development of new and innovative policies; for which procurement can be a powerful enabler. This enabling capability needs to be deployed in order to realise the benefits of these new policies and support public service reform.

The Wellbeing of Future Generations Act is a good example. Procurement can contribute to this Act strategically and also by changing its operational process to provide the better determination of value which the Act defines.

WLGA officers are in the process of assessing potential applications for the Themes Outcomes and Measures (TOMS) tool that was launched in November 2017 in support of the Social Value Act in England. The toolkit contains 5 principal issues, 18 Outcomes and 35 Measures.

Measure NT1 for example is for more people in local employment: No. of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter. This is measured as number of people FTE x £28,213 to provide a Social Value Proxy.

Our Wellbeing of Future Generations Act goes further than the Social Value Act; particularly in informing pre-procurement processes such as specification of need. WLGA is evaluating whether the TOMS tool reads across and whether we can borrow with pride from the larger community of procurement practitioners outside Wales. There is a capability for 'plug-ins' to accommodate any additional requirements which may be relevant here.

WLGA will be comparing the 5 principle issues for TOMS in England with those for procurement in Wales and examining the relevance of the outcomes and measures it uses to the delivery of policies here; including those of the WPPS.

2. The Auditor General's Reports

A short informal review of the Auditor General's Report "Are Welsh public bodies getting value for money from procurement?" is appended.

This includes commentary relating to the National Procurement Service as a vehicle operating within the wider strategic procurement environment. Much of this commentary also relates directly to the questions above concerning Welsh Governments leadership role for public procurement. It can be considered supplementary.

It is not therefore necessary to comment further on the second report; except to acknowledge its content as reflective of the experience of Local Authorities and to offer broad agreement with its recommendations.

Appendix:

1. Review of WAO Report: Are Welsh public bodies getting value for money from procurement?

Background

The Wales Audit Office has examined whether there is evidence that current procurement arrangements in Wales are helping to deliver value for money in public spending and are fit for the future.

A report was released on 17th October 2017. The conclusion was that national governance arrangements for procurement could be strengthened and there is clear scope for improvement in procurement arrangements at a national and local level. Public bodies also face challenges in balancing potentially competing procurement priorities, responding to new policy, legislation and technology, and in the recruitment and retention of key personnel.

Issues

The Changing Landscape

The WAO identified that in a changing landscape there is clear scope for improvement in procurement arrangements at a national and local level.

In 2015–16, public bodies in Wales spent around £6 billion through procurement on a range of goods, services and works but need to improve their performance to ensure value for money. In a changing landscape, public bodies face challenges in balancing potentially competing procurement priorities, responding to new policy, legislation and technology, and in the recruitment and retention of key personnel.

In August 2017 11 representatives of the Heads of Procurement in Local Government reviewed 92 categories of procurement and procurement related services such as supplier engagement or market development activities such as identification of supply voids. This collectively identified the appropriate place for Strategy, Project Management and Procurement Process; identifying each to a National, Regional or local approach.

It is intended that this strategic categorisation be used to communicate the views of the officer community at that particular time and place; to help frame the future strategy for Local Government Procurement.

National Governance Arrangements

The Welsh Government's 2015 policy statement sets out the overriding principles for public procurement, in the context of relevant EU and UK procurement legislation. The WAO reported that national governance arrangements could be strengthened, with the national procurement board currently having limited effectiveness.

There was no rationale given for why the national procurement board's effectiveness was limited. It might be assumed that national governance should be strengthened to overcome resistance and improve future performance. This could be counter productive. The strategic choice by public service leadership was to make resource efficient arrangements that were suitable for local and regional deployment. Performance improvement is more likely if the board was better able to respond to the local and regional business needs which are behind this choice. In a 'pull' relationship of this nature, the strength comes from the down stream partner. If the national arrangements are suitable for purpose, they will be adopted with enthusiasm.

Collaborative Scope

WAO identified that of the £6 billion spent through procurement in 2015-16, £880 million was identified as being spent through collaborative procurement managed by the three main Wales-based consortia and public buying organisations. They report that while these organisations are reporting financial savings and other benefits, public bodies have mixed views on their effectiveness.

This illustrates the present scope of operation for consortia and public buying organisations; which has been determined as a strategic choice by public bodies. All £6 billion of expenditure is under management; not under management by the consortia or Public Buying Organisations, but by Local Government and integral to local service delivery. The challenge is to ensure all aspects suitable for aggregation and procurement through a buying organisation are being channelled in the appropriate direction; but only those that are suitable and only when the organisation provides a better outcome.

In the event of those channels proving ineffective, the tactical options are to improve the channel, find a better channel, or find a different way to execute the strategy. It is not to drive more volume to the ineffective channel, unless volume is the cause of ineffectiveness.

Scope for Improvement

WAO highlights clear scope for improvement in procurement arrangements at a local level. They report that public bodies have experienced several notable procurement failures and WAO's audit work continues to identify examples of other weaknesses. New legislation – including the Well-being of Future Generations (Wales) Act 2015 – presents new challenges and despite some investment by the Welsh Government, public bodies continue to have problems in recruiting and retaining qualified procurement personnel. Developments in technology present opportunities to make procurement processes more efficient but are not yet being used consistently.

This is a fair criticism of a profession which was doing very well here a few years ago; but has since fallen back in effectiveness. The main issue for the Local Government procurement community is that it has been denuded of resources. Alternative arrangements such as central contracting have proved not to be the resource releasing panacea they were expected to be. Tactical choices at the centre, such as the use of mini-tenders to achieve value for money, have been a further drain on resourcing; as has the necessity to make alternative provision when central frameworks are late or unsuitable or unusable.

Structural changes intended to improve collective efficiency have not maintained the inter-personal connections that previously allowed a small cadre of professionals to operate as an extended team. Instead, there has been a retrenchment from collaborative working to local priority and survival. Austerity measures within Local Authorities have also seen procurement specialists adopting other duties, diluting specialism and further denuding the resource.

The WAO identifies that procurement leaders must be capable of fully exploiting new policies and new technologies. This may involve some uncomfortable truths. The emerging need is for people with expertise in matters which are important to Local Government Leadership in the process of major change. The procurement profession has some of that; but not all and not enough. Transferrable skills and commercial experience should however mean that individuals are well placed to develop or acquire the expertise required.

The LGA Chief Executive sponsor, Dr Martin Reeves of Coventry City Council and the West Midlands Combined Authority spoke about this at the LGA's recent National Procurement Strategy Showcase. He explained why leaders need procurement to step up. To use the resource we have to be outstanding at what matters; and why, in austerity, the rest needs only to be good enough. He urged

procurement not be pedestrian, inactive, reactive. Instead to be agitating, proactive and not risk averse. Leadership can help by supporting such activity and allowing scope for 'safe fail' in the collective drive for improvement.

Recommendations of the WAO Report "Are Welsh public bodies getting value for money from procurement?"

There are eight recommendations in the WAO report. Among them is the observation that Welsh Government plans to roll out a new programme of Procurement Fitness Checks.

These periodic inspections were never perfect; a necessary compromise between cost and utility. There was therefore only light resistance when the old PFC programme was halted. This gap in continuity during a time of major change in Local Government affords the chance to re-think the approach.

A better method would be a Welsh equivalent of the measures supporting LGA's National Procurement Strategy. Pioneered and funded by Local Government in England, it is available and LGA is willing to co-work.

This alternative approach to performance management is aligned to business outcomes in Local Government; rather than the Value Wales work streams. The measure uses 31 Business Value Codes (BVCs) – things that mattered with defined outcomes.

The LGA learned that a procurement strategy needs to be focused on 'what matters' and support actual change. A low score doesn't signify improvement is required if it is not part of the core proposition. County and Borough authorities were found to have different priorities and pressures and different development trajectories. There was also an emerging commonality of future priorities between the regions. A sectoral England and Wales approach might be the way forward for improving the contribution of procurement to Local Authority business needs.

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Cardiff University – Jayne Lynch

Following reports published by the Auditor General for Wales on **Public Procurement in Wales in October 2017** and the **National Procurement Service in November 2017**, please find observations and suggestions for going forward noted in this document for managing Public Procurement in Wales.

I concur with the recommendations presented on pages 14–16 of the Wales Audit Report which, based on my own observations and experiences, are unquestionable and completely justifiable. For R2 (p.14), please refer to my suggestions at the end of this report.

Major reviews like this are not new (e.g. McClelland) which in itself raises some fundamental questions. Wales is not a large nation and so one might argue that getting procurement right should not be so challenging. Yet, the deep and underlying issues which seem to prevent strategic procurement from being embedded and leveraged in Wales for achieving sustainable benefits have yet to be fully realised.

Each of the areas invited for comment are now discussed:

– *The overall impact of the 2015 procurement policy statement*

Under the leadership of Jane Hutt AM, Public Procurement in Wales (2012–2015) made great strides to improve its strategic position and public bodies progressed in understanding how procurement can become a strategic tool for delivering economic benefit to the wider community in Wales. The emphasis on Community Benefits, the revised SQUiD and the introduction of the Joint Bidding Guide should have provided a solid platform to deliver sustainable value-added benefits to all in Wales. Whilst good practices have been observed and are publicly evident through flagship construction projects, there has not been a consistent enough approach across Wales to fully optimise procurement in making a marked difference to the economy. I note at this point that procurement is not viewed as a panacea to all national problems. The untapped potential and scope was noted in the Community Benefits review (2013) (not published) and Joint Bidding Lessons Learned report (2015) (published). In my experience of international Public Procurement practices and observations over the years, Wales designs some of the most innovative procurement policies globally, but invests little, if any, funds in their

implementation. Today, ironically, I have received another request by email for advice and support; *“there is some frustration amongst companies where they believe they are missing out on the business as it is being placed outside of Wales”*.

The Welsh Public Procurement Policy Statement (WPPPS) was last updated in 2015. Since then, we have experienced the EU Referendum, new procurement policies (Code of Practice) and several new legislations including Well-being of Future Generations Act (Wales) 2015; Modern Slavery Act 2015; and Public Contracts Regulations 2015. In Wales, we have also gone through change in Cabinet Secretary's support since 2015. The Referendum has led to political uncertainty in Wales and the UK, which has driven a perceived barrier between society and the government, not just in Wales. The Referendum has triggered social unrest which indicates a lack of trust and confidence. All of these substantial milestone changes will inevitably have impacted procurement and the market environment. This is at a time when pre-market engagement in procurement has become essential to drive best value and competition for public contracts. Recent discussions (last 6 months) with several procurement professionals in Wales reveals that the sector is 'waiting' for new direction through the WPPPS and the unexpected absence of an update has created some uncertainty about strategic emphasis and direction.

- *The planned 'Programme for Procurement' and actions that the Welsh Government is taking forward*

We might first question whether “Prosperity for All” was the appropriate phrasing given the current economic situation in Wales. To prosper, we first need to improve professional opportunities for those employed. The public sector in Wales employs 27.6% of people living in Wales which, compared to UK figures, is a much higher ratio than those people employed in the private sector. This means that any minor changes have a greater impact on the national economy. Internal promotional opportunities are key for driving skills and salaries up which will in turn improve the economic situation in Wales. Yet, Welsh Government report that median gross weekly earnings for full-time adults working in Wales increased by 1.0 per cent between 2016 and 2017, compared to a 2.2 per cent increase across the UK.

- *Fitness Checks of Public Bodies*

The methodology developed by Value Wales and deployed for producing fitness check reports by KPMG (2013) and PMMS (2014) enabled a snapshot view of the current fitness of procurement across the public bodies in Wales and these individual reports were published by Welsh Government. The report findings

highlighted variation in approaches and level of professional competence across sectors (e.g. LA vs HE) and within sectors (e.g. HEPC). In PMMS report, key activities were frequently highlighted for improvement such as strategic development, action plan design, implementation of category management strategies, use of basic tools developed by Value Wales, market engagement, and value adding benefits recognised through effective procurement. Whilst these reports provide us with benchmark comparisons, they do not enable us to reflect on year on year improvement. This limits the analysis in terms of understanding the journey and in showcasing what 'good procurement' looks like.

In these reports, not enough emphasis has been placed on the current lack of understanding about the strategic relevance of procurement in Wales. The fitness checks identified this issue, but the method and presentation of the final results somewhat masked and diluted the consistent findings, which should have been realised from these investigations.

– Skills and Competences

The Home Grown Talent project funded by WEFO provided opportunity for 25 young professionals. Whilst the project was seen as an opportunity to grow procurement expertise in public sector in Wales, this did not transpire. Many of the candidates moved to private sector organisations, taking the government invested skills with them. Whilst this evidences success for the individual candidates and is testimony to the quality of the training provided, for Welsh Government, this loss of skills represented a major failure for that project. A recent 'request for information' reported that it was not known how many candidates remained in employment with Welsh Government. The absence of this type of data and issues with transparency is a sign of mismanagement and failure.

Recruitment of skilled procurement professionals continues to be a major stumbling block as part of the procurement delivery plan. In many instances, public organisations are faced with the dilemma of employing from a small pool of applicants rather than employing the right person who is adequately experienced and qualified for the job. There seems to be a shortage of procurement professionals who consider public procurement in Wales as their career of choice. These constant shortages place even greater pressures on remaining staff and presents higher risk for government. Three senior procurement executives [that I am aware of] took early retirement in the last eighteen months and they have not been replaced. This does not leave the remaining procurement teams with much

confidence about the significance of procurement in Wales and the leadership that it requires to constantly deliver best value when facing severe budget cuts.

- *E-Procurement Adoption across Wales*

Most public bodies now embrace the electronic tools and software available but there remains challenges with basic needs, such as broadband and internet access in some parts of Wales. This doesn't seem to have been noted in the reports. It is disappointing to see that some Local Authorities still do not engage fully with Sell2Wales for advertising contract opportunities. This is not helped by the introduction of other supplier portals such as Contracts Finder and Supply2Gov. It is also worth noting the flexibility when engaging with these portals. For example, introduction of a Joint Bidding Tab (tick box) took 18 months to install.

- *Plans to Merge the NPS Board and the National Procurement Board*

Constant governance restructuring that takes place in government and at the local level raises serious concerns going forward. The latest being the regions and the public service boards (though I feel this new structure is a positive development). Wales is a relatively small nation compared to that of Scotland and England, which means that we should be better placed to deliver high impact through effective procurement which brings benefits quickly to the community. Our current situation is far from this which brings into question the executive representation for procurement in Wales and their influence on making change happen. We are fortunate to have a strong, highly motivated Commercial Director, who brings strategic insight and knowledge to Wales. However, one procurement leader is not enough to influence and build the transformational changes required to ensure that procurement helps to lead Wales forward. Here, I allude to the senior governance structure and the role of the National Procurement Board. When I started co-chairing the Joint Bidding Steering Group in November 2013, there was regular mention by members (most procurement managers) about a National Procurement Board. Yet, no one could name the board members or even the Chair. It took more than two years to gather this information and trying to understand their role in leading and influencing strategic procurement remains unclear. This lack of transparency is surely indication as to why a consistent message and list of strategic priorities is lacking in Wales by the people who lead and manage procurement of goods and services.

– *Effectiveness and impact of collaborative procurement arrangements*

There are pockets of good practice identified with the collaborative arrangements in place for NWSSS, NPS and HEPC. Yet, over half the annual procurement spend still lies with Local Authorities. This demonstrates the scope for future collaborative agreements but importantly highlights that £3.3 billion of tax payers' money is still being managed by organisations which evidence varying levels of competence and capability

The focus on procurement continues to be on direct spend categories. It is refreshing to see that National Procurement Service (NPS) have introduced categories for services such as Corporate and Business Support, Information and Communications Technology, People, Utilities and Professional Services.

The collaborative arrangement for managing a demands-based approach to procuring these services means that data analysis can be better managed. Going forward, this will support improved transparency and scrutiny of public money.

The principles and strategy of NPS provide a sound platform for collaborative arrangements via frameworks for other public bodies to use. However, something not anticipated was the resistance of these public bodies to collaborate with NPS. Low confidence in the business model and moving to a centralised arrangement was considered a barrier rather than an enabler to more effective procurement. In my discussions with suppliers, they perceived the centralised procurement approach as a barrier to prompt payment when many local authorities had significantly improved settlement terms. Despite these concerns it must be noted that investment in resource capabilities through CIPS training, and best practices such as category management and pre-market engagement have been exemplary. My involvement has mainly been with supporting the pre-market engagement. These events have been well attended by suppliers and information shared by procurement teams is fair and consistent, but the procurement pipeline needs more careful consideration to allow sufficient time for suppliers to prepare bids, especially when joint bids are invited. The current adhoc approach only leads to further frustrations by suppliers and alienates them from future opportunities. Going forward we must harness the good work, improve capability and use it as a benchmark for future success.

Recommendations

Going forward, the following suggestions are offered for improving the current standing for public procurement in Wales:

– *Developing a competitive nation*

The goals and essential ways of working highlighted in the Well Being of Future Generations Act (Wales) 2015 should be more fully utilised to provide the leadership and direction for Public Procurement in Wales. This legislation is not only important for Wales, but it feeds into the United Nations' Sustainable Development Goals. We operate in an uncertain political climate and the outcome of Brexit remains unclear. Any changes that are made now should reflect Wales as part of a global economy and not just a member of the EU. That means that individuals and procurement teams should be upskilled to coordinate relevant support for suppliers and be able to recognise areas for improvement. Investment in skills to support the five essential ways of working will bring wider benefits to Wales. There are resources available to support this, e.g. ISO 20400:2017 Sustainable Procurement. Important skills to support the five ways of working include; communication, business strategy, innovation, risk management and collaboration. The procurement professional needs to have an enquiring mind to challenge current processes, drive innovation, encourage collaboration both inside the organisation and outside.

– *Integration*

In Wales, finance, procurement and economics need to be more closely integrated as critical to the future of Welsh economy. The notion of departmental silos has been an ongoing issue (not just in Wales and not an issue limited to public sector) and noted in the Cabinet Secretary's title: Minister for Finance. The Minister [for Finance] also oversees procurement (National Procurement Service and Value Wales) and the responsibility extends to many other procurement related activities: *Strategic Investment; Value for money and effectiveness; Provision of strategic direction and management of the resources of the Welsh Government; City Deals; Invest to Save; WBFG and liaison with FG Commissioner; Acquisition, maintenance and disposal of property and other assets.*

For Wales to more fully realise the strategic socio-economic impact that can be achieved through procurement, it is important for procurement professionals to coordinate with businesses in Wales, improve its engagement with third sector

organisations, to understand entrepreneurial activity and skills development and shortages in Wales. This helps procurement teams to recognise supply chain voids and better understand the competitive landscape in Wales when designing tenders. Closer collaboration with the supply market will lead to wider sustainable benefits and improved value for money. Development of these areas currently fall under the Cabinet Secretary for Economy and Transport, i.e. *Support and advice to assist the establishment, growth or development of business; Entrepreneurship, enterprise and business information; Social Enterprise and the social economy; Simplification and integration of business skills and business development services.*

– Governance

Driving sustainable change starts at the top. The National Procurement Board should be reviewed, in terms of its membership and strategic direction, influence and scrutiny. Simply merging it with NPS board may bring more issues later on.

Wales would benefit from a centralised procurement structure which is strategically supported by all. This not only leads to more efficient use of public money, it leads to tighter control, easier performance management. All of these benefits lead to reduced risk. Collaborative arrangements are important for innovation and efficiency gains but there is no evidence of a consistent framework for managing these partnerships. The International Standard (ISO 44001:2017 Collaborative Business Relationships) provides a framework and structured approach which focuses on the alignment of goals, objectives and working together. This would also allow for better management and for public scrutiny. A centralised approach is not without challenges: e.g. skills and resistance to change. A higher skilled workforce, which has already been identified in this report, is in shortfall and so more investigation and investment is required to overcome this. Managing change is a development area for skills improvement.

– Data Integrity

This must be a key priority going forward with General Data Protection Regulation (GDPR) coming into effect 25th May 2018. Using a structured approach for managing governance and investing in technological skills and competences will make auditing more manageable. This applies not just to procurement but also the suppliers being contracted in.

– *Investment*

Welsh Government has previously secured WEFO funds to invest in professional development at the entry and management levels in procurement, and this report emphasises that future investment needs to continue but that it should be further matched with investment at the top, at the strategic and national levels. Importantly, any future investment also needs to be managed. There needs to be clear, well communicated targets and critical evaluations built in as part of the process.

– *Measuring what matters*

The existing collaborative arrangements such as National Procurement Service may be failing in terms of meeting their original objectives, but the criticisms are overlooking what has been achieved successfully, and the reviews do not tackle the root causes of the issues preventing their effectiveness. The greatest challenge and barrier for NPS and other collaborative arrangements has been that by transferring business to these arrangements, there is a perceived loss of skills and control held at the local level. As noted previously, managing the change, making the objectives clear and communicating the benefits are critical for future success.

– *Sharing Good Practice*

There is no doubt that the reviews and fitness checks have identified serious shortcomings, but they have also identified areas of good practice. These exemplary cases should be better captured, and examples of best practice disseminated to inspire and motivate others. This can be achieved through newsletters, reward mechanisms and showcasing events. The Procurex Awards have gone some way to support this but there was a noticeable drop off in submissions by Local Authorities this year.

Finally, a key issue which has been highlighted with the recent collapse of Carillion brings other new challenges to the management of procurement in Wales. An investigation is required into the management of major contracts, especially in preparation for the major infrastructure projects forthcoming. This again highlights the need for greater interdependence and communication between procurement, finance and economics. Using the words of David Watt, IoD Scotland, *“Procurement needs to move away from large contracts that favour very large contractors. Smaller-sized contracts under improved public sector management offers the best way forward.”*

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Higher Education Purchasing Consortium, Wales (HEPCW)

The Higher Education (HE) Sector is grateful to the Chair of the Public Accounts Committee for inviting comments in respect of the Auditor General's Report and in particular to the areas highlighted in the correspondence dated 19th December 2017.

The following comments are those of the Higher Education Purchasing Consortium, Wales (HEPCW) and its members. Other HE Sector stakeholders may have different views.

Q1. The Welsh Government's leadership role for public procurement in Wales including, for example:

– the overall impact of the 2015 procurement policy statement

HEPCW welcomes the leadership role for public procurement in Wales that Welsh Government performs. HEPCW members support the principles that have been and continue to be developed to ensure that value for money is obtained and procurement is conducted professionally and on an ethical and sustainable basis.

The majority of the themes and practices identified in the 2015 policy statement have been adopted by HE institutions in Wales, although the extent will vary amongst institutions dependent upon the available resources. In some instances, the spirit of the Policy Statement will be adopted as opposed to strict compliance with the Policy Statement wording. As an example, the use of the Community Benefits Tool has not been widely used, however all institutions that have identified Community Benefits as part of the project business case are actively reporting the benefits delivered, albeit via different reporting regimes.

– the planned 'Programme for Procurement' and actions that the Welsh Government is taking forward to review the fitness of individual public bodies' procurement arrangements, to promote eprocurement

A key area of the Policy Statement was the need for a programme of regular assessment through which public sector organisations can measure their respective procurement maturity. The HE Sector has completed an initial round of assessment and all institutions are currently implementing action plans to address the recommendations within each institutional report. HEPCW and its members

recognise the benefits that the Procurement Fitness Checks (PFC) can facilitate, and would wish to see continued central funding for the PFC programme.

Each institution is currently at varying stages of deployment of e-procurement tools but there is a continuing increase in the uptake of the range of e-tools. The institutions are predominantly utilising e-tools made available through the Value Wales e-Procurement Service. The HEPCW institutions recognise the criticality of detailed expenditure information to all forms of collaborative procurement. The HEPCW members have recently agreed in principle to fully adopting the same expenditure data solution as used by NPS ('Atamis'), with the intention of enhancing the level of information available to the sector and making this data easily available to NPS.

HEPCW therefore hopes that Welsh Government will continue to support the provision of a data analysis solution such as Atamis.

– issues relating to access to the recruitment and retention of key procurement capability.

Recruitment and retention of procurement capability has been and is likely to continue to be challenging in the current financial and student recruitment environment.

Institutions are competing with other bodies both within the public and private sector for scarce professional procurement resources. Strict remuneration schemes and reduced opportunities for permanent positions present further challenges. It is therefore vital that institutions can be in a position to offer opportunities that provide stimulating roles with opportunities for professional and personal development at competitive salaries and succession planning. Overly bureaucratic processes and increasing amount of policy considerations need to be balanced to ensure that capability remains committed and enthusiastic.

In recent years, Value Wales has provided access to a subsidised procurement training programme and procurement trainee talent pool. Both of these were beneficial to the HE Institutional Procurement functions and the re-introduction of these initiatives would be very beneficial to the Welsh public sector.

HEPCW's view is that Value Wales should be supporting the sectors in developing appropriate training to support the delivery of key aspects of Welsh Government policy. As an example, the assessment of supply chains to identify instances of

unethical practice is complex and challenging. It is unlikely that many procurement professional feel adequately equipped to undertake this role.

Q2. The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.

HEPCW's views are that national governance arrangements have to some extent been successful but in other aspects has failed to achieve the objectives. From the HEPCW perspective, the Terms of Reference of the respective forums are such that a HE Sector representative is unable to perform the role to its fullest extent. Due to the nature of the HE Sector, with all of the institutions being autonomous bodies, there is no one individual who can commit the sector to a course of action. If other sector representatives are in a similar position then the respective forum will face challenges in delivering its objectives.

In particular with the NPS Board, HEPCW believes that its role is not that of a functional board but more of an advisory group, which diminishes the potential for scrutiny and endorsement of the NPS activity from senior external stakeholders.

It is also HEPCW's experience that the sector representatives on the Procurement Board and NPS Board in many cases were the same person. Previously NPS business has also been prominent on the Procurement Board agenda, and this has led to a degree of duplication.

HEPCW is also of the view that whilst the Wales Procurement Policy establish an environment for good practice procurement, it should be recognised that there may be other pressing factors (STEEPLE) that can have significant influence on procurement decisions.

Q3. The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.

HEPCW is one of 6 regional procurement consortia that support the UK HE Sector, Along with 2 other specialist category consortia for catering/food and energy. All of the higher education consortia participate in the management and delivery of a UK-wide collaborative contracting portfolio which provides access to over 100

commercially effective collaborative framework agreements across a range of category areas.

Consortia collaboration within the HE Sector is mature and robust, and enables HEPCW members to benefit from sector-specific contracting arrangements based on the aggregated leverage of the UK HE Sector.

As noted by the Wales Audit Office review, HEPCW member institutions have reported that HEPCW provides a satisfactory service.

From the inception of the National Procurement Service, HE institutions signed up to supporting the NPS on the basis that they were unable to commit to using NPS Agreements. This was due to a number of reasons, including:

- the HE sector has in place a mature, effective and very extensive collaborative contracting portfolio covering all key expenditure commodities, all developed specifically by and for the UK HE sector. This contracting portfolio is let and managed through a concept of ‘mutual contribution and benefit’ i.e. the regional consortia and their member institutions all contribute to the development and management of the overall contract portfolio.

HEPCW manages a number of national Framework Agreements on behalf of the sector and believes that it is appropriate to continue to provide this contribution to the sector’s procurement solutions.

- in many instances there are greater synergies with the UK HE Sector than with other public sector bodies in Wales.

- HEPCW members will require access to collaborative agreements in categories that are not managed by NPS. Specific category expertise is available in the HE Sector.

- The sector did not support mandating the use of specific framework agreements, as this decision would be left to the discretion of each institution. HEPCW members’ view is that the adoption of any agreements should be based on identifying and adopting the framework that provides the best commercial and operational benefit to the institution in question as opposed to its use being mandated, irrespective of whether other agreements can offer better value.

It should be noted that the NPS has understood and accepted the position regarding HEPCW members and the benefits accrued from their active contribution to and benefit obtained from the UK HE collaborative arrangements.

HEPCW has been and remains appreciative of the pragmatic NPS approach to the sector's broader strategic alignment, and believe this approach should remain unchanged.

As a consequence of the manner in which the UK HE sector collaborates on its approach to procurement, HEPCW members are far less dependent on the NPS arrangements than other sectors that no longer are supported by sector specific consortia within Wales.

In terms of the role and development of the NPS, HEPCW's view is that change is required if NPS is to be successful, and that lessons learned from the last 4 years are actioned. Some areas for further consideration include:

- Is the original business case still valid?
- Is the funding model appropriate?
- Is the NPS portfolio too broad and is it covering commodities that are not strategic, critical or indeed relevant to those sectors with the highest expenditure.
- NPS should ensure its frameworks are focussed, competitive and delivered with clear, concise routes for buying organisations to call-off from – HEPCW firmly believes that increased uptake of NPS frameworks would be easily achieved if NPS frameworks were clearly competitive, relevant and easy to access.
- Clarifying the role of NPS – is it part of Welsh Government or an independent central purchasing body (the lines are possibly blurred due to the dual responsibilities of the NPS Director).
- Are the respective roles and NPS and Value Wales clear, with well defined strategies and objectives?
- What is the most appropriate means of collaboration e.g. is the All-Wales, cross-sector approach always preferable?

It is also HEPCW's view that NPS can have an important role in supporting its members implement aspects of the Code of Practice: Ethical Employment in Supply Chains.

Mae cyfyngiadau ar y ddogfen hon

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Caerphilly County Borough Council

Thank you for your recent correspondence and invitations to attend the Public Accounts Committee on 5th February 2018. As requested, please find below response from Caerphilly County Borough Council ('Caerphilly').

The Welsh Government's leadership role for public procurement in Wales including, for example:

– The overall impact of the 2015 procurement policy statement:

There is little if any impact of the Wales Procurement Policy 2015. The main impact came from the 2012 Policy Statement. At the time of publication the 2015 statement was considered a holding statement which required a comprehensive review due to the lack of consultation and key policies which would impact Strategic Procurement. At the time of publication Local Government was promised a full review following full consultation. There has been no review or consultation since 2015.

It is felt that the current statement lacks innovation and is impractical in parts. This is a key policy for Procurement in Wales which should set the tone and direction of travel for Public Sector Organisations, the Procurement Professional and Welsh Supply Chain.

Going forward the new policy statement needs to adequately reflect key policy documents such as the Wellbeing and Future Generation Act, Social Services and Well being Act and Ethical Employment (Code of Practice). Any future Policy Statement needs to be evolving with periodic updates. We are currently in a period of change due to digitalization, Brexit and uncertain financial markets therefore a static policy will hinder progress rather than nurture it.

– The planned 'Programme for Procurement:

This planned programme has yet to be published. To date there has been limited consultation on the programme. Again, this is a key document for the future of Procurement within Wales and the Welsh Supply Chain.

It is vital that the programme is structured to drive innovation, facilitate improvements whilst encouraging better dialogue and flexibility with our Supply chains. It should assist in the reduction of supply voids within Wales as well as fostering organic growth with current providers.

The programme needs to address key policies such as Wellbeing and Future Generation Act, Social Services and Well being Act and Ethical Employment (Code of Practice)

- **Actions that the Welsh Government is taking forward to review the fitness of individual public bodies.**

The principles of the Welsh Government ('WG') Procurement fitness check were well intended however; due to the inconsistent approach taken by the review process they lost their credibility. It appeared that there was limited thought to what would happen at the end of the fitness check process and no plans for future development irrespective of organisation outcome.

At best the process has brought individual benchmarks for organisations; however, the real benefits were lost. The possibilities for collaboration, sharing of best practice and innovation were never capitalized. This was a lost opportunity for the Welsh Public Sector.

I am not aware of plans to repeat the process however if they were to be recreated then an alternative method of assessment should be considered with a clear object of "next steps" following the review. The WG needs to be clear on the desired outcomes for such reviews such as continuous development of the procurement activity in Wales to bring about, best value which support, Social Value, Value for Money and Regeneration (just to mention a few)

- **e-procurement**

Welsh Government ('WG') invested large amounts of money on the development and implementation of e-procurement. The take up as been inconsistent and frustratingly slow in some organisations. WG provided various funding opportunities to facilitate change however; individual institutions have failed to capitalize on the support. Caerphilly was the first local authority in Wales to embrace end to end eprocurement and adopt the WG electronic market place.

Caerphilly currently operates the WG electronic market place but all other elements of e-procurement are separate to the WG offering due to the integrated nature of our IT systems. Caerphilly has a mature eprocurement system which is business critical. It is vital that WG provides clear guidance going forward on the funding of the WG Market place as loss of this element will be detrimental to the Public Sector business operations and our Supply Chains. Unlike many organisations Caerphilly has funded the development of eProcurement locally (apart from the Marketplace) this was due to the restrictive

rules on systems use imposed by WG. Going forward any funding should be equitable to all irrespective of System provider.

- Issues relating to access to the recruitment and retention of key procurement capability.

There needs to be a fresh approach to recruitment and retention of key procurement personnel. In recent years due to large budget cuts local authorities have seen a diminishing resource in relation to the procurement professional. Procurement is a vital element of any business. If Wales is to succeed in building for the future we need a programme of investment in a modern procurement professional. We require a more commercial awareness, a strategic approach with continued professional development.

In recent years Local Government have recruited and invested in good professionals however, the retention has been difficult with many moving on to new opportunities outside of Wales.

During the development of the NPS a limited amount of experienced Welsh procurement Officers were offered roles in the new organisation which suggested limited opportunities in Procurement in Wales. This had a detrimental impact on Welsh Procurement and also the impact and success of the NPS.

- The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.

This is a positive move, however, procurement will require strategic representation. If we are to encourage the procurement professional outlined above they need to be represented and understood at the highest level. We need board members who are senior procurement professionals who understand how procurement can impact the change management agenda and bring Social Value.

- The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.

The effectiveness and impact of the NPS for Caerphilly has been limited. Caerphilly took the decision to opt out of the NPS at the consultation stage of establishing the NPS. Caerphilly now makes the decision to opt in at the time of

expenditure thus keeping a more flexible approach to procurement options. Caerphilly has a clear agenda to develop a high level of social and economic regeneration via its third party spend therefore it was concluded to complete a blanket opt in to the NPS would have disadvantaged local businesses.

We have had a mixed experience from current NPS frameworks ranging from good to very poor. In general we find arrangements are not fit for purpose and do not support the local supply chain in line with Caerphilly's strategy.

It must be acknowledged that it is very difficult to achieve "local" provision when you are buying "once for Wales" which is why the choice of Categories which can be delivered "once for Wales" is very important. I would like to see a difference approach and emphasise of the NPS which considers what will make the most impact and deliver the most benefits (cost and social) in procuring via a national arrangement. I also feel that the NPS requires an arm of business that can support National projects such as construction and infrastructure.

We do not use any other Welsh consortia, however, we do use National consortia when they are beneficial to Caerphilly and meet's our strategy.

General Comment:

In general Procurement in Wales has stagnated of late. It is an evolving discipline that requires energy and enthusiasm to succeed. As we have shown over the years that Procurement plays a vital role in our business operations and have the ability to "change lives" if implemented effectively.

The procurement function cannot diminish. We need a focused plan for the future which is wider in scope than "efficiency savings".

We need to build on our previous success by working together, embracing collaboration in many forms and acknowledging that one size does not fit all. Digitalization, social media, Brexit and financial market will all bring their challenges and opportunities. Procurement is not the solution it is part of the enabling tools required to bring business success.

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Cardiff Council - Steve Robinson, Head of Commissioning and Procurement

Thank you for your recent correspondence and invitation to attend the Public Accounts Committee on 5th February 2018. As requested please find below response from Cardiff Council:

1. The Welsh Government's leadership role for public procurement in Wales

i. The overall impact of the 2015 procurement policy statement;

The Wales Procurement Policy Statement (WPPS) 2015 predominantly captures approaches developed and adopted by the public sector in Wales over a number of years. The Statement provides a useful framework for guiding the development of procurement functions across Wales. The principles set out within the Statement are reflected in the Council's own Procurement Strategy (2017–2020) and our new Socially Responsible Procurement Policy.

The challenge for the Welsh Government is how they can best support the implementation of the Statement principles across Wales, without resorting to issuing statutory guidance. The Council remains committed to implementing the principles of the statement in a proportionate manner and welcomes that fact that they are not statutory.

A key challenge is the reduction of resources in corresponding level of support available from Value Wales and this will need to be addressed if public sector across Wales is to consistently apply the Principles. The Fitness Checks can play a role in drawing focus to the adoption of good practice but support will be needed especially for those organisations with limited procurement capacity.

ii. The planned 'Programme for Procurement':

Although the Programme for Procurement was shared in high-level terms at an NPS Delivery Group, my understanding is that this has been put on hold until the conclusion of the NPS / Value Wales review. There has been limited opportunity to input to discussions on direction so I await future opportunity.

iii. Actions that the Welsh Government is taking forward to review the fitness of individual public bodies' procurement arrangements

Although the Fitness Check programme had some weaknesses, on balance we found the process reflected the level of maturity within Cardiff and was useful to support our ongoing development. Cardiff Council found the fitness check process to be thorough and robust, with senior staff across the Council interviewed, significant documentation provided, and over 35 people completed the accompanying survey. As a result of the Fitness Check we were successful in receiving some funding from WG to undertake a review of our contract management arrangements across the organisation and this is informing part of our current improvement programme. We do feel however, that the results of the Fitness Check could have been used to better share best practice across the public sector in Wales.

We would be supportive of continuing to use fitness checks in the current format with self-assessment for the 'developing towards advanced authorities' coupled to some form of peer review /support. The continuation of the current fitness check process will enable organisations to benchmark their own performance. This would allow time for a more considered review of the alternative models and their relevance to Wales, including the LGA (England) Fitness Check, which is being championed by the WLGA.

iv. Actions that the Welsh Government is taking forward to promote e-procurement.

We welcome the investment and commitment shown by WG in promoting e-procurement. Sell2Wales has been a big success but adoption of other solutions and the recognition of existing investment by public sector organisations less so. Cardiff has invested significant resources in training staff to utilise PROACTIS our e-sourcing tool to run tendering processes. However, despite multiple requests from Cardiff and other PROACTIS users in Wales there has been reluctance to link Sell2Wales to PROACTIS, to enable seamless advertising of opportunities to the market. Integration between Sell2Wales and SQuID questions also needs to be improved.

WG and public sector organisations have also invested considerable resources in driving forward the Bassware marketplace to allow improved Business2Business (B2B) transacting. However, this has been with limited

success in Cardiff mainly due to a reluctance by suppliers, which in part is a result of limited take up by other public sector organisations.

v. Issues relating to access to the recruitment and retention of key procurement capability.

Generally, across Wales we have seen a loss of experienced procurement professionals from the public sector for a number of reasons including budgetary cuts and age profiles of senior managers. Due to the limited number of procurement professionals available, we have to accept we have a competitive local market in South Wales particularly with the establishment of the NPS and presence of Crown Commercial Services (CCS).

In Cardiff we have responded to this by looking for ways to retain posts and to identify and nurture new talent.

- Retain Posts – Facing budget cuts the Commissioning and Procurement service in Cardiff has established a Local Authority Trading Company (LATC) Atebion Solutions Ltd for the trading procurement and commercial services. This has allowed us to maintain current staffing levels and to plan future growth. It has also proved to be an attractive opportunity to potential applicants for posts.
- Nurture New Talent – In 2013 we secured funding to establish our own annual student placement programme, working closely with the University of South Wales, normally taking one to three university students who are studying procurement for a one-year placement. Although this requires an initial investment of staff time in developing the student(s) in the early months, three of these students have now secured permanent jobs within the Commissioning and Procurement Team. All staff receive ongoing training and support to enable them to become CIPS qualified; they get both the theory and varied practical experience.

Appendix 1 – Rewriting the Public Procurement Playbook is an article drafted for Bangor University and provides additional information on commissioning and procurement in Cardiff, the establishment of Atebion Solutions and the strategy for developing and nurturing staff.

2. The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.

We are supportive of the change proposed but feel that there needs to be greater representation from senior procurement professionals. It is also important the role of Value Wales is redefined and resourced adequately if it is going to be effective in supporting the adoption of good and consistent procurement practice across the public sector in Wales.

3. The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.

The introduction of the NPS has not brought any additional value to Cardiff Council, over and above that provided by the previous arrangements provided by the Welsh Purchasing Consortium (WPC) and Value Wales collaborative sourcing team. In fact the introduction of the NPS has in some organisations contributed to loss of posts resulted in a diminishing role and influence for some Procurement Teams. This is compounded by the loss of the WPC which provided a forum and structure that facilitated joint working, knowledge sharing and informal mentoring/network arrangements. As local authorities we need to explore how we can fill this undoubted void and ensure that knowledge is shared across the Welsh public sector and collaborative opportunities taken.

Appendix 1 - Rewriting the Public Procurement Playbook 2017 Conference Article for Bangor University

Steve Robinson ACMA, MSc, MCIPS – Head of Commissioning and Procurement, Cardiff Council and Managing Director of Atebion Solutions Ltd.

The well documented and seemingly incessant budgetary pressure squeezing the UK public sector tends to be top of every public sector manager's priority list. Most organisations recognise that effectively managed procurement can be key to delivering savings and greater value. However, if you talk to anybody working in UK public sector procurement some other common themes and challenges will very quickly emerge.

Most public sector organisations are experiencing a loss of experienced procurement staff who are not being replaced. This means that Procurement Teams are juggling ever increasing pressures and expectations from both their own organisations, and national policy makers, to not only deliver efficiency savings, but to deliver a wider range of policy objectives including community benefits / social value, as well as ensuring compliance EU Procurement Directives. If all this sound too familiar, then this short article provides a quick snapshot of how the City of Cardiff Council's Procurement Team has responded to these competing pressures.

In 2011 the Council strengthened the capability and capacity of corporate procurement resources through the creation of a new corporate Procurement Team. The Team developed, and successfully implemented, a category management approach across all of the Council's third-party spend, including traditionally hard to reach areas such as social care. The approach delivered and continues to deliver significant savings. The structure of the Team has enabled the Council to develop and 'grow' its own procurement staff by investing in training and mentoring to support staff development. This was both an investment in the future and a recognition of the difficulties of recruiting suitably qualified and experienced staff in a competitive local market. This strategy has enabled staff to progress their careers within the Team, with their achievements being recognised through the Procurement Team winning a number of Procurement Awards.

In 2014/15 in response to the Council's latest difficult budget settlement the Procurement team was given a three-year savings target which would equate to a reduction of eight to twelve posts. However, in line with the McClelland Report on

Welsh public procurement, the Council sought to buck the recent trend in Wales by recognising the importance of retaining the expertise. It was recognised that a new approach would therefore be required if the Council was to retain access to skilled and knowledgeable procurement staff within the proposed budget.

The approach was to create one of the first Local Authority Trading Company in Wales, Atebion Solutions Ltd, to deliver procurement and commercial services to both the private and public sectors across the UK. Although the budgetary challenge was the catalyst to developing a new procurement approach the level of support from Councillors and senior managers means that the level of ambition for the company has increased and is seen as a way of not only retaining staff but building the breadth of expertise and knowledge by recruiting additional staff. This includes establishing a graduate programme which will allow the Council to continue to 'grow' its own staff for the future. We believe that new opportunities exist in public sector procurement as organisations increasing focus on their key in house procurement competencies and look to bring in specialist procurement expertise as required to maximise their diminishing resources. Atebion Solutions hit the ground running in the summer of 2016 and is already providing a range of service to five English and Welsh local authorities. It continues to be a steep learning curve but Atebion Solutions has already exceeded its income target for year 1 and staff are thriving in this new environment.

All organisations are at a different place on their procurement journey but from our experiences there some general lessons and things that we think are key ingredients for procurement success. It's really not rocket science but our tips for success are to:

1. Get Executive support and ownership – demonstrate the added value to the organisation by having an effective procurement team
2. Get a seat at the top table for procurement
3. Be explicit around the role of procurement in delivering significant organisational savings – identify the opportunities and make the business case
4. Ensure that any savings belong and are owned by Directorates
5. Maximise the use of technology and smarter sourcing tools

6. Ensure that there is accurate spend data
7. Build trust by delivering on what was promised – deliver the savings
8. Establish robust governance and project management arrangements
9. Get early engagement with Directorates and ensure that this is maintained throughout the procurement process
10. Establish cross functional teams with the right technical and competence skills
11. Undertake a Procurement Fitness check
12. Collaborate with partners where it delivers clear procurement benefits and savings resulting from aggregation, consistency, reliability of contractors, ease of use and stability for users
13. Ensure that you have knowledgeable / skilled procurement staff and that you invest in their training and development
14. Don't rest on your laurels continue to look to learn from others
15. Bring in expertise where the skills don't currently exist in house

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Denbighshire County Council – Arwel Staples, Strategic Procurement
Business Partner

Thank you for your recent correspondence and invitation to attend the Public Accounts Committee on 5th February 2018. As requested please find below a response from Denbighshire County Council (“Council”) against the areas you have highlighted.

1. The Welsh Government’s leadership role for public procurement in Wales

i. The overall impact of the 2015 procurement policy statement;

The Wales Procurement Policy Statement (WPPS) 2015 has provided a set of useful principles for the Welsh public sector in the development of their procurement function. The Council has incorporated the statement principles within our new Corporate Procurement Strategy.

However, the practical implementation of the policy principles still remains very challenging especially within a devolved procurement environment whereby the Council has a small Corporate Procurement Team of 10 staff in the centre which is trying to influence and take forward procurement improvements across multiple service areas which consists of up to 150 service officers who undertake procurement activities on a daily basis.

It is felt that there are elements of the policy statement which are impractical to deliver. For example:

Professionally resourced: – Procurement expenditure should be subject to an appropriate level of professional involvement and influence, adopting the initial benchmark of a minimum of one procurement professional per £10m of expenditure

Based on this benchmark the Council would need to recruit an additional 5 Procurement professionals at the cost of £300,000, which in the current climate of reduced budget funding would not be achievable or affordable.

Although many of the other policy principles have been welcomed and adopted in reality the other main challenge is for the Welsh Government in how best can they support the implementation of the statement principles across Wales.

Over the last few years there has been a gradual reduction of support available from Value Wales to support individual public sector organisations in implementing the policy statement and this is especially an issue for such Welsh public sector organisations which have limited procurement capacity.

Due to the reduction of Value Wales resources over the years there is a stark difference in the quality and depth of on-line procurement support available in Wales in comparison to what is being provided by the Scottish Executive on procurement matters in Scotland.

The Scottish Executive website has a wealth of procurement guidance and policy notifications available on a numerous topics e.g. Construction, Social Care etc. The Policy notes are very clear, concise and contains the appropriate legal advice and sample contractual clauses and tender questions. The Procurement Route Planner website provided from the Welsh Government on the other hand has not been regularly updated and refreshed and the content is considered inferior in comparison to Scotland.

Additionally, we have seen a number of procurement policies being launched by Welsh Government, for example the recent Code of Practice on Ethical Employment in Supply Chains, whereby there has been very limited prior consultation with procurement practitioners in developing the policy, which has resulted in individual organisations having practical difficulties in being able to implement.

ii. The planned 'Programme for Procurement':

Although the Programme for Procurement has been shared in high-level terms at an NPS Delivery Group, to date there has been limited wider consultation on the programme content and we are under the impression that the programme development has been put on hold until the internal review of the National Procurement Service and Value Wales has been completed.

The new Programme for Procurement needs to take Welsh public sector procurement to the next level and must be seen as something fresh , innovative and will make a difference in comparison to what has been promoted in the past. Therefore, there needs to be lessons learnt that practical hands on support for individual organisations is required to improve their procurement practices rather than policy and initiative overload being launched from central government.

The new Programme will need to address a number of key improvement areas such as:

- Category Management
- Contract Management
- E-Procurement
- Procurement Training Framework
- Procurement Policy especially in relation to Community Benefits best practice and also promoting Local Supplier Development
- Develop a Target Operating Model on how future organisational structure of Procurement across the Welsh Public sector could be developed to ensure a consistent and fit for purpose delivery model is in place; in order to deliver commercial best practice and to deliver against the policy objectives, whilst addressing the current resource capacity issues and staff retention considerations as well as ensuring regional and local consideration are strengthened

iii. [Actions that the Welsh Government is taking forward to review the fitness of individual public bodies' procurement arrangements](#)

The Fitness Checks that were undertaken in the past were welcomed in principle, but the way the Fitness Checks was carried out was flawed.

The appointment of external consultants who undertook the fitness checks review and were allocated only 1 day on site per organisation to undertake interviews etc. was insufficient and could never realistically begin to understand and assess the level of procurement maturity progress within a typical organisation.

The Fitness Checks measures that organisations were being assessed against had also several weaknesses, since for example there was an expectation for individual Councils to adopt best practice such as category management implementation, where in reality the size and structure of the organisation being assessed wasn't suitable to implement the desired improvements. Therefore different size public sector organisations were being unfairly benchmarked against each other.

We would be supportive of continuing to use fitness checks in the future on the provision that the approach and format is changed and funding is made available to organisations to support them to implement any procurement improvement recommendations.

iv. Actions that the Welsh Government is taking forward to promote e-procurement.

Welsh Government through Value Wales over the years has invested substantial amounts of funding on the development and implementation of e-procurement across the Welsh public sector.

However, the level of take up of various e-procurement tools amongst individual organisations has been inconsistent and very poor considering the central funding investment provided to certain software providers under contract.

Denbighshire Council although we are using the e-trading marketplace we are however receiving limited benefits, due to the difficulty in getting suppliers to engage to provide catalogue content and e-invoicing due to the software not being very user friendly.

The Welsh Government E-procurement programme has at times lacked sufficient strategic direction with too much emphasis put on funding and promoting the e-trading marketplace which is a transactional procurement solution which hosts electronic supplier catalogues and promote electronic invoicing. There should have more focus on e-sourcing solutions including contract management as well as exploring category management tools which more aligned to strategic sourcing requirements rather than promoting and extensively funding software which dealt with ordering and payment transactions.

Over the last ten years Denbighshire County Council has implemented and adopted an alternative e-procurement tools from PROACTIS, since it has been our vision that we need an integrated solution from a single software provider to cover the full procurement cycle rather than adopt the Welsh Government approach whereby different software providers provide different solutions which are not integrated and in some instances the software providers are duplicating functionality which is causing confusion within the sector.

In the future we would welcome the continuation of investment and commitment shown by WG in promoting e-procurement, but WG needs to ensure that any funding and resource support made available (NB: It is currently unclear if there will be continuation of WG centrally funded

support) must be made available to ALL Welsh public sector organisations regardless of which software provider that is being used.

Also any future e-procurement tools that are being offered need to be selected based on the feedback and specific specification requirements of the Welsh public sector users rather than adopt software tools that are readily available on convenient framework arrangements procured by others such as the UK central government. Wales needs to be in control of our own e-procurement strategy rather than being influenced by public sector organisations outside Wales.

v. [Issues relating to access to the recruitment and retention of key procurement capability.](#)

Over the years the Welsh public sector organisations have recruited and invested in Procurement professionals. For example Denbighshire County Council has invested in and created 9 new procurement posts over the years and has also put in place a collaborative arrangement with Flintshire County Council for a joint procurement service which serves both Denbighshire and Flintshire Councils.

However, since the creation of the National Procurement Service (NPS) the retention of staff has been difficult due to the higher salary grades that's been offered. This has led to locally trained Procurement Officers being lost from the sector and this has been problematic especially in North Wales where there are problems in being able to recruit Procurement professional replacements. Going forward if Wales is to succeed in building for the future we need a programme of investment in a modern procurement professional. We require a more commercial awareness, a strategic approach with continued professional development.

We also need to ensure that there is sufficient procurement resource capacity in each organisations to deal with the ever increasing workloads and the more complex procurement projects. There should be further consideration to see if central WG funding could be made available to ensure that the 1 procurement professional per £10m ratio as stipulated in the Welsh Procurement Policy Statement is complied with.

Unless the resource capacity issue is addressed and contracts are procured and managed by capable Procurement professionals then we will still have scenarios of unqualified and in the main untrained officers in service areas

which have procurement responsibilities in their job description being tasked to delivering efficiencies and being compliant with policy and regulatory requirements.

1. The effectiveness of national governance arrangements, also in the context of the Cabinet Secretary for Finance and Local Government's recent statement (21 September 2017) and the Welsh Government's plans to merge the NPS Board and the National Procurement Board.

This is something that we would welcome. However the new governance arrangements will need more strategic procurement representation, with board members who are senior procurement professionals who understand the procurement landscape and the challenges ahead.

Also the new Board will also need to ensure there is a balance of geographical coverage, since in the past there has been no North Wales representation, which has resulted in the voice of North Wales not being sufficiently heard and feedback obtained from previous Board meetings being very limited.

2. The effectiveness and impact of collaborative procurement arrangements through the main Wales-based procurement consortia and public buying organisations, with a particular focus on the role and development of the National Procurement Service.

The effectiveness and impact of the National Procurement Service for Denbighshire has been very limited. Currently we are only benefiting from 20% of the 50+ framework agreements that have been procured.

The main issue surrounds the lack of value for money considerations and the detrimental impact on our local supply chains. For example we recently benchmarked the NPS Sandwich filling agreement and established that the NPS prices were higher than our current prices. We then procured our own tender and as a result we achieved more favourable prices and awarded the contract to a local supplier.

There is a need for more robust price benchmarking to be undertaken on NPS tenders at the tender evaluation stage to establish if the particular framework agreement does indeed provide value for money against current prices being paid within the Welsh public sector.

If it's established that prices obtained by the NPS are not favourable in comparison then a decision must be made whether to proceed with the tender

award process, thus avoiding the scenario of launching and promoting NPS framework agreements that are deemed not to be providing value for money.

The NPS need to reform their operating delivery model, since in principle the theory of “Buying once for Wales” is sound in principle provided the balance of commercial delivery and local social and economic benefits can be addressed going forward.

The Council in implementing the new Corporate Procurement Strategy has had recent success in delivering efficiency savings whilst at the same time delivering a local supplier development programme in supporting local and Small Medium Friendly suppliers to win more public sector contracts.

Additionally, the Council has also led on developing and managing the Regional 21st Century Schools Construction Framework Agreement across North Wales. The approach that has been undertaken has resulted in local regional construction contractors being awarded the majority of the construction contracts whilst at the same time delivering impressive community benefits through collaboration amongst the framework contractors.

The National Procurement Service should in theory be the contracting arm of choice for the entire Welsh public sector which could see the category of spend areas that they get involved in being extended to high spend areas such as construction and social care. However the NPS will need to regain the confidence within the sectors of being capable of delivery in the first instance.

There is also the need for the NPS to consider awarding a greater number of suppliers onto respective framework agreements in order to provide greater user choice and provide more competition especially when doing further mini competitions.

The NPS also need to more sensitive to the requirements of North Wales public sector organisations since there is a tendency for Category Forums to be held in the south and mid Wales, which makes it difficult for stakeholders in North Wales to participate and to feel part of the solution delivery. In many cases the evidence suggests that engagement in Category Forum meetings whereby the procurement sourcing approach is developed for individual framework agreements is not widely attended across different sectors across Wales, which then means that take up of the framework agreements when awarded is limited.

In summary the procurement landscape across the Welsh public sector has evolved and developed over the years, however there still remains a number of challenges and improvements that must be addressed going forward as part of the Programme for Procurement.

There also needs to a more joined up and clear strategic vision on how the Welsh public sector can work together on future procurement matters without compromising any local arrangements and policy objectives.

National Assembly for Wales
Public Accounts Committee: Public Procurement
Evidence from Future Generations Commissioner for Wales

I am grateful for this opportunity to submit a response to your inquiry – my focus will be on how the Well-being of Future Generations Act should be the overarching framework for public procurement in Wales so that it can lead to sustainable decisions ensuring that the needs of both current and future generations are being met and the four elements of well-being are improved. It is about ensuring that procurement embeds and delivers the vision of the Wales we want as set out by the well-being goals, helping public bodies discharge their duty and take all reasonable steps to meet their well-being objectives.

As one of the areas for change listed in the statutory guidance procurement should be a key area of focus for public bodies in meeting their obligations under the Well-being of Future Generations Act. I've been in discussions with the Cabinet Secretary about how I can support Welsh Government to consider how procurement activity in Wales can deliver **wider value** and better contribute to social, economic, environmental and cultural well-being of Wales.

We have had very positive engagement with officials in Value Wales and the National Procurement Service (NPS) over the last 12 months and have worked with them on developing a range of pilots to embed the Well-being of Future Generations Act into procurement activity. Through our support we have made it clear that we expect them to **use the Act as a framework** to change their approach to procurement (using the five ways of working and contributing to all seven well-being goals) and as a tool for **challenging business as usual**.

Welsh Government is testing its approach in applying the Well-being of Future Generations Act to public procurement in Wales, through establishing pilots in three work streams:

1. Working with the National Procurement Service to apply the Act to commodities including food and ICT;
2. Assisting five local authorities (Caerphilly, Torfaen, Monmouthshire, Ceredigion and Pembrokeshire) to apply the Act to their procurement activity including a specific category of spend;

3. Work with Natural Resources Wales (NRW) on exploring the links between procurement and their well-being objectives.

Some examples of the work undertaken includes:

To apply the Act to the new **food contracts**, my team worked with the National Procurement Service to explore how the five Ways of Working can help them to maximise the contracts' contribution to the well-being goals. Food procurement objectives were developed which reflect the goals – including:

- Creating lotting and zoning strategies which support the local economy and SME bidding;
- Exploring innovative solutions to reduce carbon use, such as purchasing organic produce.
- Encouraging collaborative tendering to support SME participation.
- Take a holistic approach to sourcing to consider prevention and treatment. Purchase food which is healthy, nutritious and “Good for Health”;
- Targeting better provision for the most vulnerable groups, linking with partners in Health to improve standards in schools and hospitals.
- Reflecting cultural diversity within communities i.e. the need for ethnic foods such as halal and kosher;
- Using whole life costing methodology to mitigate environmental impact;
- Implement requirements of Ethical Employment Code of Conduct and Modern Slavery Act within tenders;
- Purchase products with ethical (environmental & social) certification including fairly traded products e.g. Fairtrade Tea & Coffee.

Many of these ideas could be incorporated into the contracts themselves, while others will be introduced as part of the contract management process.

In terms of outcome – the recent NPS food tenders for fresh and packaged products reflected many of these aspects including Community Benefits, fairly traded products including undertaking a cost-benefit analysis on fairtrade bananas, fuel-efficient transport systems and increasing opportunities for small

local firms/producers and third sector firms. The fresh food (including frozen meats contract) has been let with 80% of the suppliers being Welsh. Both fresh and packaged contracts incorporate a range of KPIs to support the Act and the results of these will be reported over coming months.

A recent NPS Supplier engagement event for the **ICT Framework contract** took a similar approach with support from my team. At an engagement event they asked buyers and suppliers what they could do to contribute to the seven well-being goals and a range of ideas were presented including greater opportunities for business to support activities within local communities, exploring the carbon footprint of their products etc. There are clearly advantages to this type of approach in terms of generating a flow of ideas from the private sector and potential bidders. Over the long term I would hope that this would support upskilling in the private sector in terms of understanding where the opportunities are for them to deliver against the requirements of the Act. Already Government funded organisations are supporting various sectors in this regard, a good example being Constructing Excellence Wales and the work that they are doing with the construction industry around embedding the Act.

With support from my team, Welsh Government are working with five Local Authorities to apply the Act in their procurement processes. The focus of this pilot is likely to be on support through capacity building / training, providing standard clauses for procurement, increasing local suppliers in the supply chain and a focus on packaging/plastics and transportation. Lessons will be shared and the work can be replicated across Wales. The Procurement leads of these authorities are enthusiastic and willing to challenge business as usual. Progress to date has been rather slow, but our next steps will be to explore specific contracts/commodities to focus on, what capacity building is needed to support the required culture change, how to engage the supply chain (through Business Wales, BITC and others) to ensure they are responsive, and explore Wales-wide public sector commitments eg reducing plastics.

From our work to date it is clear that some public sector bodies understand the need for procurement to maximise contribution to the seven well-being goals and are considering how this could be achieved. However applying the five ways of working is a greater challenge; Welsh Government need to demonstrate how they are doing this within procurement and lead by example for the public sector to follow. For example, for each of the above work streams crosscutting links with

other Welsh Government departments have been identified e.g. Business Wales, Waste Strategy, Decarbonisation, Tackling Poverty, to encourage alignment and integration. We have emphasised the need to integrate this work with other work ongoing around setting well-being objectives, assessments and plans (Public Bodies & PSBs) to demonstrate how procurement can support this. However I am unclear how are they considering future trends and long-term challenges/ opportunities in technology to inform decisions being made today? How can procurement support the preventative agenda?

There is an urgent need to clarify what **outcomes** procurement could deliver across the public sector in Wales; this needs to be looked at through the lens of the Well-being of Future Generations Act and I would expect these to be included in the five year Programme for Procurement. Further information on how procurement can follow the five ways of working and contribute to all seven well-being goals is provided in Appendix 1.

Wales Audit office reports

The two reports published recently by the Auditor General for Wales – “Public Procurement in Wales” and “The National Procurement Service” – provide a good foundation on which to build. Welsh Government’s response will be critical and needs to ensure a holistic approach to deliver improvements to procurement in a way that maximises the £6.1bn spend. The work now needs to evolve to look at **all aspects of procurement through a future generations lens** to ensure adequate consideration of the wider benefits and value that procurement could deliver, rather than a narrow focus on efficiencies and cost savings.

Some of the key concerns that the report has raised for me are as follows:

- a) The fact that the Wales Procurement Policy Statement does not adequately reflect the Well-being of Future Generations Act – the current policy refers to three not four elements of well-being and needs to be updated urgently;
- b) There is no clear picture of spend across public bodies and how this data is being used to inform procurement decisions – if there is such a focus on cost savings and value for money surely all public bodies should be focussing their efforts on areas of greatest spend?
- c) Ongoing tension between lowest cost and achieving wider outcomes with value for money (lowest price) still seen as the key driver;

- d) High levels of dissatisfaction with collaborative arrangements and in particular NPS – how effective are these arrangements including ongoing contract management?
- e) Procurement strategies are not up-to-date so do not reflecting the Act or even Wales Procurement Policy Statement – again how effective is the national policy if it isn't influencing local procurement approaches;
- f) The effectiveness of fitness checks to drive improvement;

Of particular concern is that only half of respondents ascribed high importance to meeting the requirements of the Act, whilst when asked about WFG as one of ten competing priorities the Act was given the lowest priority (of all 10). The Act should be seen as the overarching framework under which all other priorities can be considered and delivered.

We also need to learn from recommendations made by partners such as Constructing Excellence in Wales' "No Turning Back" report¹, published in 2010 and reviewed/updated in 2015, focussing on construction procurement which is another area of considerable spend. Whilst several positive developments have been made in this time progress has been patchy. One of the more interesting findings is that a "focus on procurement may have been counter-productive. Procurement is not just tendering. It should be about a holistic approach to planning, bringing partners on board and delivering to satisfy stakeholders' requirements. It does seem that the industry has become bogged down in prescriptive detail about processes and initiatives, when the real issue is delivery and delivery of best value (not lowest cost)".

Some of my key points are elaborated below:

Leadership – although progress has been made over the last ten years, Welsh Government need to show continued leadership, ensuring the procurement process supports, and does not get in the way of, delivering wider outcomes. On a more local level the WAO review of 18 procurement strategies highlights a number of issues including the fact that many have not reviewed for several years and so do not consider the Act despite the fact that procurement is listed as one of the core areas for change in the statutory guidance. There is also inconsistent reference to the Welsh Government's own Wales Procurement Policy Statement, and

¹ http://www.cewales.org.uk/files/5114/5458/1075/CEW_Noturningback_07_English.pdf

only one using spend analysis information to inform their strategic approach to procurement. The National policy statement, local strategies and frameworks to support improvement (such as the fitness checks) needs to be simple but robust, fully reflecting the aspirations of the Act, to drive the positive change we want to see. Although I agree the Community Benefits Toolkit has achieved some positive outcomes since its introduction, it needs to be updated to reflect the Act; I'm also not convinced that public bodies need a whole plethora of different toolkit so would encourage Welsh Government to review all toolkits and standardise or simplify.

Collaborative arrangements – a range of collaborative arrangements exist in Wales with varying levels of success and satisfaction. Collaboration to encourage sharing expertise, knowledge and resources should be encouraged but the focus should not solely be on saving money but achieving better outcomes for the public sector. There is a need for a flexible model that works for all public bodies in Wales – that may be national for some procurements, but regional arrangements have also been successful. An example of this is the Ceredigion Procurement Forum who were able to secure 34 of 43 companies on a recent contract based within the county. The Forum actively works with all members of the local Public Services Board to encourage wider collaboration; Welsh Government and NPS should support and not constrain these collaborative arrangements.

It is encouraging to see that NPS frameworks that account for a significant percentage of the total spend (Gas and Electricity and Agency workers accounting for 26% and 30% of spend respectively) are incorporating elements of the Act (e.g. 100% of electricity supplied to Public sector is from renewables), all existing frameworks and contracts need to ensure that they embed all seven goals. For instance, is the renewable electricity supplied from local schemes and how could local communities also benefit? Are agency workers eligible for the Living Wage, not on zero hours contracts, and given some security of work? It's positive that 53% of NPS suppliers are based in Wales, and 40% are SMEs – however I would like to see a target to increase this across all frameworks.

Welsh Government is reviewing NPS and as part of this it is critical that they consider all elements of the Act. The current categories of NPS savings are focussed on cost and efficiency – these need to be broadened to consider wider well-being outcomes and value that procurement can deliver to local economies and communities.

Cost saving vs delivering wider outcomes:

The WAO reports focus largely on cost savings and efficiencies, and although this is important we need to develop an approach to procurement that ensures that the Act and seven well-being goals are embedded in procurement without increasing cost for public bodies. For far too long procurement decisions have been made mainly on the basis of (today's) cost, and whilst it's important that public bodies are able to demonstrate responsible spending and value for money I feel that the focus on short-term financial cost without considering costs or benefits over the long-term, or other non-monetised costs (e.g. costs to people, communities or the environment) is not how decisions should be made. We need to be thinking about **wider value** and not just cost.

A key barrier to sustainable procurement has been that it can cost more at least in the shortterm, even if it offers long-term savings. However the UK Sustainable Procurement Task Force showed that sustainable procurement, seen as an organisational priority which questions the need to spend, cuts out waste, seeks innovative solutions and is delivered by well trained professionals will reduce rather than add to public spending in both the short and the long run. A resource efficient public sector will have lower impacts.

Research commissioned on behalf of the Task Force revealed the potential for net benefits to be delivered through sustainable procurement as is the case of video conferencing for court appearances, for example. The procurement project replaced the transportation of prisoners to court for remand and other non-sentencing hearings by video links and produced benefits which exceed the costs of the video conferencing. Discounting over 7 years, the life of the video conferencing contract, produces a net profit value of £645,776 at a 3.5% discount rate. As well as cost savings this had resulted in wider social benefits as well.

A specific issue for infrastructure programmes is the artificial division of Capital and Operation (Capex / Opex) budgets. This does not represent value for money and facilitates short term decision making through encouraging consideration of short-term cost at the expense of longterm cost or value. These two strands need to be brought together into one budget to deliver an approach consistent with the Act.

Of course I recognise the significant financial issues that are faced by Public Bodies currently, but with between a quarter and half of their total spend on procurement, I'm sure that by considering whole-life costs there will be ways of spending £6bn

to maximise benefits across all four elements of well-being without costing too much more over the long-term.

Finally some additional points of feedback from discussions with public bodies that are a cause of concern, and should be addressed, include the view that procurement is seen as blocker rather than an enabler, and a transactional rather than a transformational process; the legislative framework is constraining and the procurement landscape is very complex, uncoordinated, difficult to navigate, with all these potentially acting as a barrier to change. There needs to be greater clarity and simplicity with a more holistic view of, and approach to, what procurement can achieve – for instance how can procurement help to protect people in our communities, which is different to the current approach which would focus on how we procure new flood defences.

Conclusion

I welcome the recent WAO report (Public Procurement in Wales); it is a good foundation on which to build, and I support all recommendations made in the report and specifically about improving governance arrangements and also capturing wider social, economic, environmental and cultural benefits as part of existing toolkits. The overall aim should be to ensure that the £6.1bn spent annually on goods and services in Wales is done in a way that follows the five ways of working and seeks to maximise contribution to all seven well-being goals.

Welsh Government is developing a Five Year Programme for Procurement for Welsh Government and the wider public sector in Wales to outline what they would like procurement to achieve over this time. The Cabinet Secretary's statement of 21 September 2017 referred to needing a clear plan of future years procurement spend to enable investments to support sustainable jobs and growth, ethical employment practices and social value and improve resilience of local businesses and communities. It is critical that this Programme has a clear long-term vision about the role procurement can play in delivering well-being in Wales.

Whilst I welcome the Government's commitment to issues such as ethical procurement it will be essential that any new strategy or programme encompasses all seven of the national well-being goals and avoids confusion over priorities. I would like to see the Well-being of Future Generations Act embedded into this Programme and ensure that outcomes being sought support social, economic, environmental and cultural well-being.

Finally, I am in discussion with the Auditor General about how we might work together to consider the possibility of a joint piece of work to further consider procurement through the lens of the Future Generations Act. Clearly, we will consider any recommendations made by the Public Accounts Committee before progressing this, and also how the Future Generations Act will be embedded into the new five year programme.

The Act provides us with an opportunity to transform the way procurement is delivered in Wales. Using the Act as the overarching framework for public procurement means that public bodies should make procurement decisions in a way that seeks to deliver the best outcomes across all four elements of well-being, for current and future generations.

Appendix 1

Considering procurement through the lens of the Well-being of Future Generations Act:

Five Ways of Working	
Long-term	<p>How are procurement decisions considering Future Trends and long-terms changes, challenges but also opportunities? There needs to be a long-term approach to contracts, with flexibility within to reflect political or technological changes. Focus on short-term issues and costs needs to change to consider whole-life approach and long-term costs, benefits and outcomes. How can Public Bodies work with suppliers to ensure they're able to respond to what the public sector needs in future?</p> <p>Example: 21st century schools programme building schools for the future, low carbon resilient buildings and environment, supporting development of skills for future, flexible spaces available for community use.</p>
Prevention	<p>Not buying is just as important to consider, along with whole life cost. Is there an opportunity to sell a service rather than a product (eg renting office furniture). Can Public Bodies re-use or refurbish items, rather than buying new, through using the Resource Distribution network? How can items be reused within the community eg in schools? How can we capture exxamples of where spending in one areas (eg gritting) can prevent pressure / spend in other areas (eg health)? Closure of facilities could be a short-term fix but leads to problems further down the line eg. isolation, loneliness.</p>
Collaboration	<p>Developing flexible, effective models for collaborative procurement that work for Public bodies. How can procuring with other bodies lead to better outcomes, whilst also supporting economic, social, cultural and environmental well-being in your area?</p>

Integration	How can procurement support delivery of the wider priorities and objectives of your organisation, as well as maximising contribution across the seven well-being goals? How can procurement deliver benefits to other services? The approach to procurement needs to consider the whole system, not just one area in isolation.
Involvement	How can contracts seek early commissioner, contractor and supplier involvement to help inform specifications through innovation and raise awareness of opportunities? How can you involve suppliers and end-users involved in the procurement process to deliver better outcomes? How can school children be involved in school meals provision eg planning meals which could deliver wider outcomes (eg health, reduce food waste)? Example: citizen involvement in Caerphilly council's work on the Quality Homes standard – tenants are trained and are part of process.
Seven well-being goals: How can your procurement spend encourage...	
Prosperous Wales	<ul style="list-style-type: none"> – Low carbon and energy-efficient goods and services – A low carbon economy and decarbonisation, including for transportation – Skills/training for future jobs – Innovative solutions – Circular economy and efficient use of resources – Increased spend with SMEs, local business and third sector (Wales already at 48% compared to UK 12%) – Increased employment of local people <p><i>Example: Preston council used Social Value Act to increase spend from local companies from 14 to 28%.</i></p> <p><i>Example: Swansea Community Energy Scheme (SCEES) – explored innovative ways of delivering social value, and developed a new model for procuring community benefits through renewable energy</i></p>

	<p><i>for council buildings. Example: M&S Plan A – Over the first 5 years this has even led to a net benefit of £185m</i></p> <p>http://annualreport.marksandspencer.com/M&S_PlanA_Report_2016.pdf</p>
Resilient Wales	<ul style="list-style-type: none"> – Support biodiversity, healthy and resilient ecosystems through sustainable management of natural resources – Zero Waste, promoting use of re-used recycled/ recyclable products – Circular economy & responsible resource use – Promote use of take-back schemes and move to full re-use of resources at end of life – Vulnerability of products and supply chains to external factors which are increasingly likely due to the impacts of climate change? – Environmental impact of raw materials for goods and services <p><i>Example: Thailand was a global centre of hard drive manufacture in 2012 however it was predicted that world output could fall by 30% in the final 3 months of that year because of the impact of flooding in the country.</i></p>
Healthier Wales	<ul style="list-style-type: none"> – Promote better physical and mental health and wellbeing for workforce and citizens – Health impacts of products? E.g. Food – Encourage uptake of green / low carbon fleet to improve air quality – Impacts of transporting goods on health & wellbeing?

Equal Wales	<ul style="list-style-type: none"> - Promote decent work with fair and equal pay and conditions available to all - Remove barriers to employment for disadvantaged and minority groups - Impacts along whole supply chain? Do contracts involve products that are made by children or other disadvantaged groups? - supporting better employment conditions for workers through the supply chain? - Ensuring services you are contracting (e.g. cleaning or homecare) paying a decent wage even if this is being outsourced? - Can you demonstrate a positive impact on local communities?
Viable, safe, Wellconnected, Cohesive Communities	<ul style="list-style-type: none"> - A local economy that supports thriving communities - Supporting social enterprises or building on community benefits? - Transport to encourage accessibility - Creating local employment, training and supply chain opportunities - Understanding rural vs urban issues (eg relationship with farmers / agricultural community)
Vibrant culture, heritage and welsh language	<ul style="list-style-type: none"> - Representing and reflecting the diversity and culture of communities? - Catering for diverse backgrounds - Encouraging and supporting local culture, heritage and welsh language

Globally Responsible Wales	<ul style="list-style-type: none"> - Fairtrade / ethical - Reducing our carbon footprint - Supporting local supply chains - Encouraging responsible resource use - Considering energy and food security issues - Global citizenships <p><i>Example: pupils support for Fairtrade school uniforms</i></p>
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