

Welsh Government Response to the National Assembly for Wales Public Accounts Committee Report on the Procurement and Management of Consultancy Services.

We welcome the findings of the report and offer the following response to the 12 recommendations contained within it.

Recommendation 1. We recommend that the Welsh Government publishes annually a report on the impact of the National Procurement Service in improving procurement practices and generating procurement savings, to include analysis of its impact in challenging and managing demand for the use of consultancy services across the Public Sector. (Page12)

Accepted

The National Procurement Service (NPS) will be a Division of the Finance and Corporate Services Directorate of Welsh Government and will be launched in November 2013 by the Minister for Finance, Jane Hutt AM.

The NPS will produce its first annual report in April 2015, at the end of its first full financial year of operation. The annual report will include detail of savings realised along with the initiatives and techniques adopted to achieve savings. Cost reduction, demand management and leveraging economies of scale will all be strategies deployed to maximise the benefit achieved through the NPS.

Consultancy Services is within the scope of the Professional Services category in the NPS and therefore progress in this category will be specifically reported.

Satisfying this recommendation will be the responsibility of the Director of the National Procurement Service (NPS).

Recommendation 2. We recommend that the Welsh Government considers the costs and benefits of developing an in-house capacity to cleanse and analyse data on the procurement and management of consultancy services. (Page 17)

Accepted

Options will be reviewed on an on-going basis – the option for in-house capability requires further consideration and detailed costing.

Value Wales has twice commissioned Spikes Cavell, through competitive tender, to undertake an analysis of procurement data from organisations across the public sector in Wales. This is an involved and resource intensive task, mainly as a result of the different Finance systems and coding structures in place across public bodies. Once complete it generates a large amount of data which has to be web-hosted with

programmed query functions so as to be accessible to a variety of users. The benefit of this approach is that different databases can be combined to give more meaningful data - such as spend in Wales by category, region or sector and spend with SMEs.

If the objective were solely to identify the amount spent on a particular category then the creation of a common definition and coding mechanism for consultancy services would significantly improve reporting in this spend area. Recommendation three below refers.

Until now, the competitive market in this particular aspect of data analysis and data mining has been fairly limited. However, a more competitive market is emerging, with a number of alternative and more cost-effective supplier options now available. Spikes Cavell does not hold a monopoly in this market. An analysis exercise is currently underway with an alternative provider which will help to maintain competitive alternatives, reducing the costs of conducting analysis of this nature.

Satisfying this recommendation will be the responsibility of the Deputy Director – Value Wales.

Recommendation 3. We recommend that the Welsh Government works in collaboration with other public sector bodies to develop a common understanding and definition of consultancy services. (Page 19)

Accepted

The NPS will develop the strategy for consultancy services as part of the Professional Services category. Developing a common definition for consultancy services will be an important part of successfully taking forward the strategy. The Category Lead will require this definition to gather common data to maximise the benefit that can be realised and to ensure consistency of reporting.

A common understanding and definition of consultancy services will be developed by the Head of Category for Professional Services and agreed with stakeholders from across the public sector by March 2014.

Satisfying this recommendation will be the responsibility of the Director of the NPS.

Recommendation 4. We recommend that the Welsh Government works with potential users of the National Procurement Service, and puts in place robust monitoring arrangements to ensure that the potential savings expected from the Service are delivered. (Page 23)

Accepted

The governance structure for the NPS will ensure robust monitoring of savings and benefits realised by the Service. The NPS Board will largely comprise stakeholder members and it will have an independent Chair, appointed through the Public Appointments Process. An interim Chair will be in place up to February 2014.

The NPS Board will report to the Public Service Leadership Group (PSLG) Procurement Board, chaired by Will Godfrey – Chief Executive of Newport City Council. The Procurement Board in turn reports directly to the PSLG which monitors progress of its workstream activities through a Measurement Framework.

The development of the governance and monitoring arrangements for NPS is currently underway and will be in place when the Service is launched.

Satisfying this recommendation will be the responsibility of the Director of the NPS.

Recommendation 5. We recommend that the Welsh Government ensures that a specific objective of the National Procurement Service is to maximise the benefits of public expenditure in the private sector in Wales, as part of its broader objectives of maximising value for public money. (Page 23)

Accepted

The NPS business case, on which the development of the Service is based, identifies eight key Operating Principles. These Operating Principles, listed below, form the basis of the commitment of organisations to sign up as customers of the NPS. Principle five specifically refer to the NPS developing strategies that will have a positive impact on the economy of Wales.

Progress towards the successful achievement of all eight principles will be monitored through the governance and reporting structure referred to in response to Recommendation four (above).

1. The NPS will be a strategic vehicle for procuring common goods and services for Wales, taking into account the needs of all sectors;
2. The NPS will focus on three key aspects of the procurement process – Developing Common Specifications, Tendering and Contract Management;
3. The NPS will be structured on a category management basis;
4. The NPS will seek to leverage the procurement scale of the Welsh public sector, but also focus on influencing demand management and implementing best practice approaches;

5. **The NPS will seek to develop strategies that will have a positive impact on the Welsh economy;**
6. The NPS will utilise Welsh Public Sector Procurement policy to support best practice implementation (Ministers' policy priorities will be adopted by the NPS), seek to adopt one standard procurement process and utilise technology to support processes and systems;
7. Commitment to the NPS will be for an agreed period (3-5 years being considered) with a notice period;
8. During this period the NPS will require stakeholders to fully commit to using the contracts that are created by the Service, this would need to be supported by Chief Executives and mandated to their Heads of Service and Service Leads. Any opt out provision would be in advance of tender processes commencing.

Satisfying this recommendation will be the responsibility of the Director of the NPS.

Recommendation 6. We recommend that the Welsh Government explores the costs and benefits of establishing a Wales Government Procurement Framework. (Page 25)

Accepted

An assessment of the benefits of establishing collaborative procurement frameworks in categories within its scope will be the responsibility of the NPS. Each Head of Category will be required to develop a detailed strategy for the area of expenditure they are responsible for. In some instances larger, Wales-wide, frameworks may be appropriate, however there is no 'one size fits all' approach and it is important that the approach taken in each category area optimises the value for money achieved along with presenting opportunities for supporting the economy of Wales.

The NPS will have a Head of Category for professional services category who will be responsible for working with stakeholders to develop the associated category strategy. This will include consideration of the extent to which an all-Wales framework for this category would be beneficial.

Satisfying this recommendation will be the responsibility of the Director of the NPS.

Recommendation 7. We recommend that the Welsh Government ensures that the National Procurement Service determines a consistent methodology to enable public bodies to analyse their performance in procuring and managing consultancy services. We anticipate that the NAO's toolkit would be considered as part of this determination. (Page 28)

Accepted

As identified in response to Recommendation six above, the Head of Category will be responsible for developing the category strategy, which will include monitoring and benchmarking mechanisms.

The National Audit Office (NAO) toolkit will be considered as part of this process, along with other approaches and methodologies.

The conclusion of this consideration will form part of the overall category strategy.

Satisfying this recommendation will be the responsibility of the Director of the NPS.

Recommendation 8. We recommend that the Welsh Government ensures that the National Procurement Service develops guidance and templates to ensure that business cases exist for different procurement exercises, and are robust. (Page 31)

Accepted

The development of appropriate templates and guidance to aid organisations across the public sector to develop a robust business case that is proportionate to the value of the expenditure, for the procurement of consultancy services will form part of the task of establishing the category strategy.

Any guidance and template documents will be hosted on the Value Wales Procurement Route Planner (PRP) which will allow all such documents to be publically available across Wales.

Satisfying this recommendation will be the joint responsibility of the Director of the NPS (to ensure appropriate guidance and templates are developed), and the Deputy Director Value Wales (to ensure that all such documents are appropriately hosted and disseminated).

Recommendation 9. We recommend that the Welsh Government and National Procurement Service explore the potential for developing a register of expertise within the public sector which is available for advice or secondment. (Page 34)

Accepted

The Welsh Government supports the concept of greater sharing of public service resources to respond to special skills needs to lessen the dependence on external and often expensive consultancy advice. There are already a number of mechanisms, both formal and informal, that allow the effective exchange of knowledge and expertise, for example, through secondments advertised by individual organisations or the Academi Wales website. Existing professional networks and

communities of practice already offer more informal means of support and sharing of good practice.

It would be appropriate for Welsh Government to approach these networks and ask them to consider and advise on the appropriateness of such a register and how such a register might usefully encourage sharing of expertise.

Satisfying this recommendation will be the responsibility of the Director, Academi Wales

Recommendation 10. We recommend that the Welsh Government explores options for improving the capacity and capability of public sector organisations to develop the necessary skills and resources to meet ongoing challenges. If it proves successful, this could include exploring the potential for replicating the Cardiff Academy model across Wales. (Page 35)

Accepted

Work is underway as part of the review of the Commission on Public Service Governance and Delivery to review capacity and capability issues across the public service in Wales. This will inform future activity that the Welsh Government and other public service organisation should undertake to improve the skills in professional areas. .

Access to specific qualifications is already offered through the professional routes of organisations, including Welsh Government staff. This is funded locally and is determined by specific job roles. Other public service organisations continue to promote their own schemes and initiatives to encourage the development of professional skills.

Whilst it would be appropriate for specialist modules to be included on online learning platforms such as the Cardiff Academy these would need to be appropriately accredited to National Occupational and Industry standards that already exist within the various professions. A variety of courses including online courses are already offered by organisation and institutes offering training in professional areas.

Satisfying this recommendation will be the responsibility of the Director, Academi Wales.

Recommendation 11. We recommend that the Welsh Government, through the National Procurement Service, explores how it can monitor and report on the procurement practices of public bodies so that they can be better held to account. (Page 41)

Accepted

Welsh Ministers' expectations of public bodies across Wales in relation to procurement practices were clearly set out by the Minister for Finance, Jane Hutt, AM

in the Wales Procurement Policy Statement (WPPS) published in December 2012. In publishing this statement the Minister made clear that she did not consider its adoption to be optional and that if not fully embraced she would consider additional regulation or legislation. It is the responsibility of Value Wales to monitor and report on the adoption of the nine principles of the WPPS.

A programme of Procurement Fitness Health Checks (PFCs) across Local Government will commence in October 2013, with all authorities due to have completed the process by March 2014. Each PFC will produce an organisational improvement action plan.

Remaining public sector bodies will be subject to the PFC process from April 2014.

Responsibility for satisfying this recommendation will be the responsibility of the Deputy Director, Value Wales.

Recommendation 12. We recommend that the Welsh Government and other public bodies consider the potential for making attendance on contract management training a mandatory requirement for their staff before taking on responsibility for a contract. We anticipate that such training should emphasise the importance of evaluating consultants' performance as a core element in effective contract management. (Page 44).

Accepted

Contract management training will be made a mandatory requirement for staff taking on responsibility for managing a contract within Welsh Government from April 2014.

Whilst Welsh Government is not able to mandate a similar approach across other public bodies it will share the learning and best practice that emerges from this through the PRP.

Contract Management training courses have been provided across the Welsh public sector. However, this remains an on-going area for skills development. Value Wales is commissioning a new training provider with the contract due for award in October 2013. Following appointment a suite of procurement training will be made available which will include contract management.

Satisfying this recommendation in relation to Welsh Government staff will be the responsibility of the Deputy Director, Value Wales.