

| MCCelland – Exec. Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | NAfW Committee T&F group report - Reform of European Union Public Procurement Policy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| 1. Welsh Government procurement policy should be consolidated into a single 'Policy and Practices Document' which would be available as a handbook for leaders, executives and procurement professionals to use as a blueprint for their conduct of all public procurement.                                                                                                                                                                                                                                                                                          | 1. The Welsh Government to continue to make representations to the UK Government and the European Commission to evaluate the impact of the Remedies Directive across EU Member States and regions and to take swift and appropriate action based on the findings; and to give consideration to how the Remedies Directive interacts with the provisions of the Draft Directives on Procurement. (Page 17)                                                                                                                                                                          |
| 2. Given that further progress is heavily dependent upon practical implementation, rather than on new policy, implementation of public procurement policy should be regarded as a duty rather than an option. In the short term, this duty should be made mandatory through its inclusion as a condition of grant for all public sector funding provided to organisations by the Welsh Government..                                                                                                                                                                  | 2. The Welsh Government to seek assurances from the UK Government that implementing regulations to transpose the procurement Directives into law in Wales will give sufficient scope to support the Welsh Government's public procurement policy objectives. (Page 17)                                                                                                                                                                                                                                                                                                             |
| 3. The Welsh Government should formally adopt the content and recommendations of the Buying Smarter in Tougher Times Report into Welsh public procurement policy thus making its acceptance and implementation mandatory.                                                                                                                                                                                                                                                                                                                                            | 6. The Welsh Government to consider, in conjunction with the findings of its commissioned review of procurement policy, whether the Welsh planning policy model could be adapted to public procurement, i.e. setting an overarching policy statement or strategy that public sector contracting authorities are required to follow, and which is supplemented by technical advice notes and procedural guidance circulars. (Page 24)                                                                                                                                               |
| 4. To correct any misconception over targets, the Welsh Government should confirm that it expects delivery of a balanced set of wider benefits.                                                                                                                                                                                                                                                                                                                                                                                                                      | 3. The Welsh Government to provide Welsh local authorities and other public contracting authorities with strong guidance on achieving the appropriate balance between risk management and creativity in public procurement, in particular around procurement below the EU thresholds, to ensure that broader policy objectives are met. As one example, the guidance should help maximise the opportunities for protected employment. (Page 19)                                                                                                                                    |
| 5. It should also be a duty to ensure that the function of procurement within every public sector body is staffed with skilled procurement resource to a level that is adequate to support the public body's obligations for governance, and delivery of the Welsh Government's policies and required practices. This should include appropriate recognition of the value and positioning of procurement within organisational structures.                                                                                                                           | 4. The Welsh Governments procurement review to evaluate the efficacy of existing measures to address the procurement skills gap, build capacity and share existing best practice, including examining the range of accredited professional qualifications available, and the extent to which outside expertise and mentoring can help. (Page 22)                                                                                                                                                                                                                                   |
| 6. Local Government should take urgent steps to address its skills deficit and in particular the serious shortfalls in resources at some authorities.                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 7. Given that staffing at the Welsh Government Corporate Procurement Services unit seems inadequate, the Welsh Government should examine patterns and granularity of spending covered by the service to establish where it should be benchmarked for resources given the unique nature of activities.                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 8. The Welsh Government should sponsor the reintroduction of regular 'procurement capability assessments'.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 9. Given the scale of the skills deficit the Home Grown Talent programme should be expanded to provide a greater number of trainees.                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 10. The Welsh Government should commission a full and formal survey of procurement resources and professional skill levels in the public sector.                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 11. The mandatory duty for all funded bodies to adopt Welsh Government procurement policy should include delivering the wider benefits of economic, social and environmental impacts.                                                                                                                                                                                                                                                                                                                                                                                | 5. The review commissioned by the Welsh Government into „Maximising the Impact of Welsh Government Procurement Policy" should investigate how to raise the profile and status of procurement expertise within public sector contracting authorities in Wales; to integrate procurement specialists more closely into corporate strategic planning and decision-making processes; and to improve senior decision makers" understanding of public procurement as a tool to meet their public sector duty to promote wellbeing and targets for sustainable economic growth. (Page 23) |
| 12. All bodies in Wales funded by the Welsh Government should be required to include in their annual reports a statement describing how they have delivered on the policy of wider benefits, and should show and comment on the value and % proportion of their total procurement expenditure that has been spent in Wales and also with SMEs.                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 13. The concept of directly linking economic development, and specifically supplier support and development, to public procurement should be vigorously pursued. The lead role and strategic responsibility of the Business, Enterprise, Technology and Science Division in this area should be underlined in a formal communication to the public sector in Wales. New mechanisms to work directly with procurement operations across Wales should be developed and should require the appropriate participation of individual and collaborative procurement units. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| <p>4. The budget for investment in supplier support and development should be reviewed and increased to provide wider and more in depth coverage of the priorities described above. If funding cannot be augmented then the available resources and finances should be concentrated on priority areas that will provide the greatest and potentially quickest return. Given the value of spend and its relevance to the economy the construction sector should be considered as a prime candidate for this concentrated approach.</p>                                                                              | <p>12. The Welsh Government to undertake robust evaluation of the outcomes of collaborative procurement exercises in Wales; to compare the outcomes with collaborative models used in other parts of the UK; and to communicate and apply the lessons learnt within the Welsh public sector. (Page 29)</p>                                                                                                                                                                                                                                             |
| <p>15. The Welsh Government should identify the factors that contribute to a higher proportion of spending with SMEs, and require plans from the lower performing organisations to bring them to that level.</p>                                                                                                                                                                                                                                                                                                                                                                                                   | <p>13. The Welsh Government to prioritise measures to increase awareness of its Community Benefits policy among Welsh public sector contracting authorities, as well as contracting authorities and contractors operating in key areas of non-devolved spend in Wales, including transport and other infrastructure. (Page 30)</p>                                                                                                                                                                                                                     |
| <p>16. Interaction with the third sector should be reviewed with a view to fully understanding its concerns about public procurement and the contribution it can make to wider benefits. Ways should be found to enable practical engagement with the public sector in designing services to support defined outcomes.</p>                                                                                                                                                                                                                                                                                         | <p>11. The Welsh Government to include in its review of public procurement policy a review of the measures it is taking to encourage strong dialogue between public contracting authorities and businesses in Wales to improve mutual understanding of how public procurement can be used as a tool to boost the Welsh economy. (Page 27)</p> <p>9. The Welsh Government to prioritise putting in place an integrated IT system to support SQUiD and accelerate implementation of the xchangewales e-procurement programme across Wales. (Page 26)</p> |
| <p>17. The recommendations of the 'Barriers to Procurement Opportunity' research should be implemented as soon as possible and in particular overall implementation of the SQUiD tool should be a priority. A specific standalone programme for the construction sector should be initiated immediately so that those with highest expectations of SQUiD can experience early progress.</p>                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>18. A replacement IT solution for Sell2Wales should be introduced at an early date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>19. Within the operating model local procurement is not conducted consistently well and especially within Local Government. I recommend that all organisations address this at an early date including correcting contributing weaknesses in staffing.</p>                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>20. To substantially improve the collaborative coverage and the effectiveness of the operating model, I recommend that the Welsh Government sponsor and provide funding support to establish a new national procurement service to address the national, common and repetitive categories of spending. This proposal is described in detail in section 6 of the full report.</p>                                                                                                                                                                                                                                | <p>8. The Welsh Government to work with the local government sector to prioritise standardisation of the contract standing order procurement rules for local authorities, and to seek greater consistency of procurement rules, including financial rules, in other parts of the Welsh public sector. (Page 25)</p>                                                                                                                                                                                                                                    |
| <p>21. Given the low proportion of Local Government spending that is conducted against collaborative contracts, I recommend that the Local Government sector a) invests substantially more in existing consortia to increase the collaborative coverage of unique Local Government sector categories, and b) participates actively in a new national procurement service.</p>                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>22. Given the level of collaborative spending by the Welsh Government and its Sponsored Bodies, I recommend that the spending of Welsh Government Sponsored Bodies come under the remit of its Corporate Procurement Service, so that one professional procurement unit can provide the WGSBs and the Welsh Government departments with unified support, including access to, and use of, collaborative contracts from all sources.</p>                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>23. The system of governance should be "tuned" to ensure that it is effective in having clear line of sight responsibility and accountability vertically down and horizontally across the layers of procurement activity. I recommend that the membership of the Procurement Board is reviewed to ensure that there is 100% representation of all procurement operations in the public sector and, that within this review the Chairs of the two Local Government purchasing consortia in Wales be appointed to the Procurement Board.</p>                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>24. The model of governance should be used even more effectively to drive progress by examining and measuring performance. I recommend that the Measurement Framework contain a relatively small number of data driven performance indicators addressing the critical success factors for procurement and this "dashboard" format be adopted by every organisation in the Welsh public sector. Summaries of these key performance indicators and adoption and implementation of Value Wales programmes and tools, should be reviewed sector by sector or consortium by consortium at the Procurement Board.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <p>25. During this review I observed a deficit of essential data and also problems in transforming available data into management information. I recommend that the Welsh Government consider making an appropriate investment in this capability.</p>                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>26. Implementation of the programmes and tools that support Welsh Government policy should also be mandatory and use of the Sell2Wales advertising channel for all OJEU and above threshold sub-OJEU contracts, should be the focus of early action. Although the xchangewales service has been extremely effective in its delivery of e-procurement, new investment is required. This should only be made if</p> | <p>7. The Welsh Government to use the review of procurement policy as an opportunity to assess whether Value Wales has the necessary mandate, structural and governance arrangements, and resources to drive change across all Welsh public sector contracting authorities; and to ensure that appropriate enforcement measures are introduced to speed up the pace of change. (Page 24)</p> |
| <p>27. The imperative of overseeing, examining and intervening across the public sector to drive implementation of policy and the adoption of required practices should become a core part of Value Wales' activities. The allocation and prioritisation of resources, communication of the authority vested in it and its position within the sector should be consistent with this realignment.</p>                |                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>28. The mission and structure of Value Wales should be reviewed for assurance that its current responsibility for providing operational services to the Welsh Government and the wider public sector is consistent with the intense and independent focus required on policy adoption and implementation.</p>                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                              |