

Mr Peter Higson

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National Council: progress with savings from procurement

As you are aware, the Audit Committee, at its 25 September meeting, intended to take the opportunity to ask witnesses about the progress being made in the further education sector on procurement, relating to the report the National Council submitted to the Committee in May 2003.

Unfortunately we were unable to put those questions to you during the scheduled Committee session due to the time spent discussing other matters. I would therefore be grateful if you could provide the Committee with written responses to the following questions.

Financial savings

Table 1 after paragraph 9 of the National Council's report states that the further education sector saved £2.3 million over the 16 months to December 2002, against the Council's target (as set out in the former Accounting Officer's evidence to this Committee) of three per cent, or some £2.5 million, **cumulatively** each year. The savings achieved by the sector are very welcome. However, they are equivalent to some £1.7 million over twelve months - some £0.8 million or 32 per cent short of the Council's £2.5 million target.

1. *Why did the sector fail to meet this target for the first year?*
2. *The Auditor General published his report on Procurement in the Further Education Sector in Wales two years ago in September 2001. What is the current level of savings - has the sector achieved the target of some £5 million over the two years?*
3. *What prospect is there that you will recover this position?*
4. *Given the difficulties apparently experienced by the further education sector in meeting this target, does the Council have the sector's commitment to this target?*

Purchasing Consortium

The Further Education Purchasing Consortium's contracts still only represent five per cent of the sector's non-pay annual spend (paragraph 12 of the National Council's report).

5. *What is the Council doing to support the work of the Consortium and increase the amount of expenditure going through the Consortium?*
6. *For those Consortium contracts which have been let, are all institutions required to use them?*
7. *To what extent are institutions capable of achieving savings from procurement not involving the Consortium?*

The barriers to good procurement practice

Paragraph 24 of your report identifies procurement expertise and the resource gap as the principal barrier to progress on both good practice and savings.

8. *What is the Council doing to ensure improvements in these important areas?*
9. *What is the current position as regards the spread of procurement expertise throughout the sector?*

It would be very helpful if you could let me have your response in time for the Committee to consider at its first meeting of 2004, expected to be in early January.

I look forward to hearing from you in due course. I am copying this letter to Gillian Body at the National Audit Office Wales, and David Powell the Assembly's Compliance Officer.

Yours sincerely

Janet Davies
Chair of the Audit Committee