



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Cyfrifon Cyhoeddus **The Public Accounts Committee**

Dydd Iau, 18 Ebrill 2013
Thursday, 18 April 2013

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Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Jocelyn Davies	Plaid Cymru The Party of Wales
Mike Hedges	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour

Eraill yn bresennol
Others in attendance

Adele Cahill	Dirprwy Gyfarwyddwr Cynorthwyol Gwasanaethau Caffael, Partneriaeth Cydwasanaethau GIG Cymru Deputy Assistant Director Procurement Services, NHS Shared Services Partnership
Paul Dimblebee	Cyfarwyddwr Grŵp, Swyddfa Archwilio Cymru Group Director, Wales Audit Office
Neil Frow	Cyfarwyddwr, Partneriaeth Cydwasanaethau GIG Cymru Director, NHS Shared Services Partnership
Michael Hearty	Cyfarwyddwr Cyffredinol—Cynllunio Strategol, Cyllid a Pherfformiad, Llywodraeth Cymru Director General - Strategic Planning, Finance & Performance, Welsh Government
Mark Roscrow	Cyfarwyddwr Cynorthwyol Gwasanaethau Caffael, Partneriaeth Cydwasanaethau GIG Cymru Assistant Director Procurement Services, NHS Shared Services Partnership
Alison Standfast	Dirprwy Gyfarwyddwr, Caffael, Gwerth Cymru Deputy Director, Procurement Value Wales
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales
Kerry Wilson	Llywodraeth Cymru Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
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Tom Jackson

Clerc
Clerk*Dechreuodd y cyfarfod am 9.32 a.m.
The meeting began at 9.32 a.m.***Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Darren Millar:** Good morning, everybody, and welcome to today's meeting of the Public Accounts Committee. I would just remind people that, in the event of an emergency, they should follow the instruction of the ushers, who will guide us to the nearest safe exit. I would also remind people that they can contribute to this meeting in either Welsh or English, as they see fit, given that the National Assembly for Wales is a bilingual institution. Headsets are available for translation and for sound amplification for anybody who requires it. I would encourage people to switch off their mobile phones, BlackBerrys and pagers—that would be very much appreciated, because they can interfere with the broadcasting and sound equipment. We have received a couple of apologies today. One is from Aled Roberts, and the other is from Gwyn Price; they are unable to join us.

9.33 a.m.

**Ystyried Cyngor gan Archwilydd Cyffredinol Cymru ar Adroddiad y
Pwyllgor 'Cynnydd o ran cyrraedd Safon Ansawdd Tai Cymru'
Consideration of Advice from the Auditor General for Wales on the
Committee Report 'Progress in delivering the Welsh Housing Quality
Standard'**

[2] **Darren Millar:** Just for the record, I want to note that Jocelyn Davies, a previous Deputy Minister for housing, is not present for this particular discussion.

[3] Auditor general, do you want to take us through the correspondence? We have had a copy of the correspondence, but you give some clear advice to us in there and I would appreciate it if you could just speak to it. Thank you.

[4] **Mr Thomas:** Thank you, Chair. I think that I can be very brief on this one. It is simply that you did consider the report that we produced on the Welsh housing quality standard. You asked the Welsh Government to write a response. It did so. I suggested at the time the letter came in that there would be an advantage in waiting a little bit further. We got further correspondence in January this year. In order to complete the committee's consideration of the Welsh housing quality standard, it would be advantageous, rather than to continue correspondence, to have a further brief evidence session to look at about half a dozen issues.

[5] **Darren Millar:** Members will remember that this was an important report that we did. We had a debate in the Assembly Chamber because of some of the concerns that we raised. Obviously, the timetable is ticking away in terms of where the Welsh Government should have completed some of the items on its checklist, as it were. What do Members think about the recommendation that we take some further evidence?

[6] **Jenny Rathbone:** All the dates given are history—they have already passed. Could we not attempt to get a proper update from the new Minister for Housing and Regeneration, because the ministerial responsibilities have changed? This is rather like groundhog day. What are we going to get out of having a further round of discussions, forcing the

Government to complete the work that it said that it was going to do by March, but that it may or may not have done?

[7] **Darren Millar:** We have had some updates from the Welsh Government previously, giving a clear timetable. We could write to ask, and then give some further consideration to the suggestion that we take further oral evidence. Are there any other views?

[8] **Julie Morgan:** I think that it was an important report, and what is happening is important. We need to discuss the most effective way of getting the most up-to-date situation. That could mean writing, and then deciding whether we want to take oral evidence. However, I do not believe that it should be left—we need to take a further step, as the auditor general has said.

[9] **Darren Millar:** We have spoken very much about wanting to follow up on our reports, have we not? Do you want to come in on this, Mike?

[10] **Mike Hedges:** You started off my sentence, Chair. Why do we not publish where we are now, because we are where we are, and come back to this in six months' time? I can see this drifting. This is not a party political comment, but we will be seeing the effects of the changes in benefits, especially the effects that ending direct payment will have on the ability of housing associations and of people who are engaged in stock transfer to borrow, and the rate at which they will borrow. We will have the report from the Minister—probably in May—and we will then have the next set of data on the increases in the rate at which people are borrowing. We could, therefore, postpone it again for another two months, to see what that does. Let us publish, and come back.

[11] **Darren Millar:** What we are talking about here, though, is following up on the recommendations that are in our report and in the Wales Audit Office report. Those include things such as an independent evaluation of the Welsh housing quality standard, the housing revenue account and discussions with the UK Government—they are the sorts of things that we do not have a steer on. The impression that I am getting from Members—and I will take some further comments from the auditor general—is that, at present, we should correspond with the Government, give it an opportunity to update us in writing, and then, if we are not satisfied with the response that we get, perhaps request an oral evidence session.

[12] **Jenny Rathbone:** I believe that we should give the new broom a chance on this.

[13] **Darren Millar:** Okay. Do you wish to comment, Oscar?

[14] **Mohammad Asghar:** Yes, on the Welsh housing quality standard. Wearing my second cap, I know many landlords. They are really cheesed off that there are so many tiers of regulations, rules and so on, and that puts people off letting properties. Furthermore, there is another scenario going on—especially these days—in that, when people lose their job, or go away, or get married and so on, they are buying back houses, and houses are getting sold to dodgy landlords for a cheap price. They are then letting these properties go without any checking for sub-letting to tenants. There is a shortage of housing.

[15] **Darren Millar:** Okay, but you are talking potentially about the Welsh housing quality standard being extended to private landlords, are you not?

[16] **Mohammad Asghar:** What I am saying is that there are no strict rules and regulations. If you have a house, and you are going to sub-let it, if you go to a housing association and buy a cheap house through someone else, you can let it tomorrow morning. However, if I want to put my house up for rent, it would be difficult for me to do it.

[17] **Darren Millar:** Okay, but those are matters for other Assembly committees. This committee's role is to ensure that we follow up on the clear recommendations that we had in our report. Do you wish to comment on this, auditor general?

[18] **Mr Thomas:** I share Members' desire to, in a sense, complete this report and put it to bed. However, I am also anxious to avoid a game of ping-pong. There is a danger that we simply write and ask for views. There might be further questions, and you either write again or decide that an evidence session is needed. It might be more desirable to write posing these questions, but to get them answered at an oral hearing; there could be written evidence ahead of that. There should be a very clear notice that these are the questions that you want to be addressed. In that way, the whole thing can be closed down.

[19] **Darren Millar:** Are there any further comments? Does that sound reasonable?

[20] **Jenny Rathbone:** The new Minister for Housing and Regeneration might welcome the opportunity to show—

[21] **Julie Morgan:** It would be good to have someone in to get the answers to the questions, and then we would know where we were, would we not?

[22] **Darren Millar:** Okay. I will get the clerks to schedule a single evidence session just to get an update. We will also request a paper in advance for us to consider.

[23] **Julie Morgan:** How do we deal with this if we feel that there should have been progress in this area, and there is still no progress? We could come back to it in 12 months' time, or something like that, or do we just leave it?

[24] **Darren Millar:** One of the most interesting ones is going to be the situation with this housing revenue account. I suggest that we get a paper on that well in advance of the evidence session, so that we can consider which witnesses we might want to invite. That may prompt us to invite representatives of the UK Treasury, to hear their side of the story.

[25] **Jenny Rathbone:** They were not rushing to come to see us last time.

[26] **Darren Millar:** No, they were not rushing to come; we had some difficulty in securing them. In that case, we will instruct the clerks to do that. I adjourn the meeting.

*Gohiriwyd y cyfarfod rhwng 9.42 a.m. a 9.59 a.m.
The meeting adjourned between 9.42 a.m. and 9.59 a.m.*

**Gwaith Caffael a Rheoli Gwasanaethau Ymgynghori—Tystiolaeth gan
Bartneriaeth Cydwasanaethau GIG Cymru
The Procurement and Management of Consultancy Services—Evidence from
NHS Shared Services Partnership**

[27] **Darren Millar:** Welcome back to the committee meeting. We are taking evidence this morning from the NHS Shared Services Partnership, from which I welcome to the table Neil Frow, the director, Mark Roscrow, the assistant director of procurement services, and Adele Cahill, the deputy assistant director, for the NHS Shared Services Partnership. We are very grateful for your coming in to attend the meeting today at what was quite short notice; I appreciate that. We have questions that we want to ask you. You have obviously seen a copy of the auditor general's report, which was very clear. The report welcomed the fact that there was a decline in the cost of consultancy to public bodies between 2007 and 2011, but the auditor general was unconvinced that there was good value for money within the contracts

that were being awarded for management and consultancy services. There has been a reduction in spending within the NHS; can you tell us the reasons for that reduction? It has been suggested that the rationale behind the reduction might be just the general pressure on spending, rather than any real effort to reduce costs and deliver some value for money for the public purse.

10.00 a.m.

[28] **Mr Roscrow:** There are a number of reasons. NHS spending was relatively small in our terms, although I appreciate that it is still a chunky number. If you look at the categories of expenditure, you will see that some of that might be legal services or estates services, so the range of consultancy has varied and I think that part of the reduction is a result of a different deployment of strategies in different areas. Certainly, the totality of our non-pay expenditure has been under review. Therefore we are, and have been for the last few years, looking at the totality of what we are spending, looking to reduce that expenditure and critically looking at all our non-pay areas. That is part of it.

[29] Other things will be a result of what we have been doing with shared services through our collaborative approach across the NHS. If we take legal services as an example, we are bringing much more of that work in-house, rather than outsourcing consultancy services in legal areas. Similarly, in some areas like estates, we have done some more work through our facilities functions. It is a result of pressures in other areas. Also, in terms of IT in the NHS, we have the national informatics service, which involves collaborative approaches to the procurement exercises, so that any consultancy support would be a result of support that needs to go into a collective programme. We are doing it once for Wales, or sometimes the wider Welsh public sector. So, it is a result of a number of factors.

[30] **Darren Millar:** Has the reduction in the number of NHS bodies also helped in terms of a cost reduction?

[31] **Mr Roscrow:** Inevitably so. Certainly, from a procurement perspective, it is much easier to collaborate with what are effectively 10 organisations than was the case before.

[32] **Darren Millar:** You mentioned non-pay expenditure in general and the need to reduce that. By what sort of percentage has other non-pay expenditure within the NHS been reduced? Do you have any figures on that with you today?

[33] **Mr Roscrow:** The totality of our non-pay expenditure will have gone down in certain areas; it depends which category we are looking at. Some of that will be a result of what we have done under collaborative procurement. Taking orthopaedics as an example, because we have put collaborative arrangements in place across Wales, expenditure has probably gone down by at least 10% in that area. We would have to look at the specific categories. We could give you a note on that in terms of specific areas.

[34] **Darren Millar:** I think that it would be helpful, just so we can see the trend in other places.

[35] **Mr Roscrow:** In overall terms.

[36] **Darren Millar:** Yes.

[37] **Jocelyn Davies:** I hear what you say about how pressures in other areas have impacted on this, but why has the NHS not developed an approach to make efficiency savings similar to the Welsh Government's managing with less programme?

[38] **Mr Roscrow:** I think that we have, but under two areas. The purpose of bringing shared services together has been to take that back-office support away from trusts and health boards, to allow them to focus much more on the delivery of clinical services. That has delivered significant professional savings back to the NHS, as well as efficiencies in our overall operational budget. So, at the end of this year, just in procurement, we have delivered £40 million-worth of savings.

[39] **Jocelyn Davies:** So, you would say that it is there, but that it has not been branded and has not had a name.

[40] **Mr Roscrow:** Yes. I do not think that we have a name tag. 'Managing with less' was a Welsh Government tag. If you look at individual organisations, you will see that Cwm Taf, for example, has had a turnaround team in to critically examine all of its expenditure. It does not have a name badge, per se, but certainly each organisation has been critically looking at all of its non-pay expenditure under different initiatives.

[41] **Jocelyn Davies:** You also mentioned the collective programme. I think that you mentioned doing something once instead of many times. What are the NHS-wide mechanisms for identifying good practice and then making sure that that is spread across the NHS, especially in terms of the management of consultancy services?

[42] **Mr Roscrow:** Our overall strategy across procurement is based on the principle of once only. So, if we can do it once only across NHS Wales, we will do that. The bringing and the establishment of shared services have allowed us to do that. I now have responsibility for the totality of procurement staff across NHS Wales and I am able to corral that expenditure under a collective umbrella. What that also allows us to do, and what we have been at pains to do, is to have a consistent approach to our processes. So, our processes are being standardised across everything that we do. We have a term that we use from our systems of 'common operating model', so there is a common way of doing things, and we have standard processes and procedures that are being adapted and rolled out across the NHS.

[43] **Darren Millar:** Do you audit whether those standard procedures are being adhered to?

[44] **Mr Roscrow:** A lot of them are covered by our International Organization for Standardization standards. For instance, we have a general ISO standard across general processes and procedures. That is not across every organisation at the moment, but through that mechanism, yes, those are audited. We also have the normal external—well, internal now, because it is now internal to the NHS—audit programme that would look at that.

[45] **Darren Millar:** You say 'would' look at it—

[46] **Mr Roscrow:** Sorry; I meant to say that it does look at it.

[47] **Darren Millar:** So, it has been looking at it. Is there evidence that these processes and procedures are being audited, because the auditor general found that there were some inconsistencies in the application of even ordinary procurement processes in the NHS when he did this piece of work, did he not? We will come to some of them later on.

[48] **Mr Roscrow:** There are references to inconsistencies, generally. I suppose that it is a variation on the theme of whichever sector you might be in. I would like to think that the NHS is much more harmonious in terms of our standard approaches, but you will have differences depending on what bit of procurement that you are doing.

[49] **Julie Morgan:** The auditor general's report says that the data relating to the

procurement and management of the consultancy service are generally poor. So, could you tell us what the barriers are in the NHS to improving the quality of the management of that service?

[50] **Mr Roscrow:** I have to say, honestly, that the NHS information is very good. We have a standard finance and procurement system across all NHS organisations. We have a standard chart of accounts within the NHS and a standard coding structure, so we actually have very good management information, and we have an agreement throughout the NHS that allows me to interrogate that financial information. So, we can get down to the detail level across Wales. We do not have a problem.

[51] **Julie Morgan:** So, you do not think that there is a problem.

[52] **Mr Roscrow:** No, there is not a problem in the NHS. On page 16, you will see the table of information provided from other public sectors through the Spikes Cavell organisation. Ours was a result of the financial summary into which our financial information feeds, and because we use Oracle software as our finance system, we have very good reporting information.

[53] **Mike Hedges:** You do not use Spikes Cavell.

[54] **Mr Roscrow:** We do not need to use Spikes Cavell in order to get an analysis of our information; no.

[55] **Mike Hedges:** My question is very specific. Are you saying that you do not use it, your own system works correctly and you do not use any outside organisation to do any work on it?

[56] **Mr Roscrow:** That is correct.

[57] **Mr Frow:** It is fair to say that this has been developed over a number of years. Bringing together organisations and setting up shared services helps in taking it forward. We are in the process of developing our systems, as we move along, in collaboration with our partners, health boards and trusts.

[58] **Darren Millar:** I wish to just check the consistency between one NHS organisation and another in their coding. From a clinical point of view, one of the arguments about the morbidity data that we recently published, which was posed to Assembly Members and members of the public, was that it was impossible to compare one NHS organisation with another because of coding inconsistencies. How can you be so confident, if there are differences of approach in clinical coding to the same clinical codes by hospital, even within health boards, that your financial coding is so clearly very consistent? What gives you that confidence?

[59] **Mr Roscrow:** I cannot comment on the clinical coding. It is not an area that I am familiar with, to be honest. I would be the wrong person to comment on that.

[60] **Darren Millar:** But you are confident—

[61] **Mr Roscrow:** Yes. From a financial procurement perspective, we have a standard chart of accounts and we have a standing coding structure. I would not want to give you the wrong impression that people cannot code things in a different way, because they can and they do, but we can see that. However, we can run a report by each organisation. If we go in and ask, 'How much have we spent with a company across NHS Wales?', I can run that information. If I want to know what we spend on something in a particular coding area, I can

go and run that information. It is a huge database, as you can imagine. All of our procurement runs through that. However, we do have that management information.

[62] **Darren Millar:** Is it in sufficient detail for you to be confidently getting value for money, because that is obviously what we are interested in?

[63] **Mr Roscrow:** The question of value for money is not so much about the management information that comes out of the system, but it is a matter of what systems and processes that you have in place to put those procurements in place in the first instance. We are obliged to follow European Union procurement regulations and there are obviously trust and health board standing orders and standing financial instructions around those. So, the value for money is a by-product of our procurement processes.

[64] **Ms Cahill:** If I may, I will just add a supplementary point around the confidence around the system. As we have now come together as a shared service, we also manage the totality of procurement services staff. So, where there are inconsistencies in the way that individuals code, we can manage that through the training of our staff because we manage the totality, whereas, with clinical coding, they are managed by the individual health boards and trusts.

[65] **Jocelyn Davies:** Would you like to outline for us the benefits that will likely come from the national procurement service and the consultancy advisory service? What benefits will they bring to the NHS? How does that fit in with the shared service partnership that you have been talking about?

[66] **Mr Roscrow:** The national procurement service has evolved from a report that I was involved in, 'Buying Smarter in Tougher Times', which has subsequently led to the business case. That is basically taking what are generally called 'common and repetitive spend areas' across the public sector; so, things that everyone is likely to buy. Stationery is always the example that is used, but consultancy is also in there. So, it is a matter of taking the collaborative approach and applying it across the Welsh public sector. The idea of the NPS is that that organisation will take that common area of expenditure and look to do procurements that are consistent across the Welsh public sector and drive financial benefit. The Welsh Government is also keen to ensure that any economic benefit is derived from that expenditure. The business case was accepted on the assumption that there will be further financial savings that will come out of that approach.

[67] **Jocelyn Davies:** How does that fit in with your shared service?

[68] **Mr Roscrow:** It is complementary, to be honest, because—

[69] **Jocelyn Davies:** Is it not duplicating?

[70] **Mr Roscrow:** No, it will not duplicate because we have said that with things like consultancy, which has been identified as one of the areas, we will happily subscribe to the NPS and be part of that. We have said that there are two areas where we do not want to participate as part of the NPS. One is legal services, because of the comment that I made earlier that we are bringing that back in-house; so, we will be using in-house people and we are already seeing the financial benefits of that. The other is in our energy, because we have a very specific price-risk management group, which actually came from a Public Accounts Committee hearing a number of years ago.

10.15 a.m.

[71] **Jocelyn Davies:** What sort of savings do you think it will deliver, and when is it

likely to deliver those savings?

[72] **Mr Roscrow:** The expectation is that the NPS will be up and running from 1 November. The Welsh Government will be running that. It is an internal programme that we are just receiving information from. So, our understanding is that it should be up and running from 1 November. There will, inevitably, be a delay in delivery of benefit while those contracts are put in place, and existing arrangements need to be coterminous, but I do not know the specific programme that they have worked in. The business case does set out potential savings. Taking consultancy as an example, the anticipated savings range between a minimum and a maximum, and, from memory, the maximum is just over £1 million and the minimum is about £300,000. It is within that type of range.

[73] **Jocelyn Davies:** Okay. The auditor general's report mentions category management. Is that an appropriate model for the NHS?

[74] **Mr Roscrow:** Absolutely. We have had category management since the late 1970s, to be honest, and the strategy that we are deploying within NHS Shared Services—I am in the middle of a restructuring programme at the moment—builds on category management.

[75] **Darren Millar:** Just to clarify, you are not engaging with the national procurement service on legal services or energy.

[76] **Mr Roscrow:** Correct.

[77] **Darren Millar:** So, we will not see any legal consultancy fees in the NHS from now on; it will all be in-house. Is that what you are saying?

[78] **Mr Frow:** No. There will be some. What we are trying to do is to look at those areas. We have put an overarching framework contract in place, rather than having different contracts across Wales, and we will be able to draw down from that contract for various areas of law. We are trying to bring some of those services in-house, in a planned way, ensuring that we can deliver the service to the standard that the health boards and trusts require. Obviously, in some areas of law, it would not be financially beneficial for us to try to retain those skills. So, we would need to go out, in line with the contract, to get those skills.

[79] **Jocelyn Davies:** So, that would be very specialist legal services, to be used occasionally.

[80] **Mr Frow:** Yes.

[81] **Mr Roscrow:** For example, we have an in-house procurement and commercial lawyer now. So, the amount of expenditure that we previously would have spent externally is reducing, and we can see that. However, there may be very specialist and complex aspects of procurement law that we would need an external view on.

[82] **Mr Frow:** Also, any existing cases—there are a lot of ongoing cases—will remain with whichever firms health boards or trusts were using.

[83] **Mr Roscrow:** It picks up on your point earlier. We can see what that expenditure is, we know that we will need this advice and we think that we can provide some of that better in-house and grow our own, and, therefore, it is an expenditure curve that will go down. It will probably never reduce to nothing, because that will not always be appropriate.

[84] **Darren Millar:** However, even for those bits that you will have to procure, the very specialist stuff, you will not use the national procurement service. Why not, if it is a good

model? You have been endorsing it, Mr Roscrow. You have been saying what a great thing it is and that it will reduce costs across the public sector, and yet you are dismissing it, saying that you can do a better job on your own, effectively, in procuring those additional services.

[85] **Mr Frow:** No. We will do. We have put a framework in place, and, clearly, once that is finished, we will look to move to the national procurement service.

[86] **Darren Millar:** Ah, right.

[87] **Mr Roscrow:** We already had the model of a collaborative legal framework contract, whereby, where we do not use in-house services, we have an option to go to that. So, that exists. That is what we are saying. We have that commitment, so we do not need to use the NPS. Once it gets to the point where it has established those arrangements, which do not exist at the moment, we can join, if that is appropriate.

[88] **Darren Millar:** Okay. The next question is from Julie.

[89] **Julie Morgan:** Thank you, Chair. Do you think that the consultancy self-assessment toolkit that is described in the auditor general's report will be useful to NHS bodies to assess their strengths and weaknesses in the procurement and management of consultancy services?

[90] **Mr Roscrow:** It has merit and it is a useful tool, where appropriate. It is an issue of relativity.

[91] **Julie Morgan:** Where would you see it as being appropriate?

[92] **Mr Roscrow:** Where you have had a procurement involving a significant amount of money or in a complex area, it would be a useful tool to assess the value for money and performance of that. If you had spent a relatively small amount of money on an external view of something, it probably would not be appropriate.

[93] **Julie Morgan:** Do you think that you have enough procurement specialists in the health service to do the work that you have to do?

[94] **Mr Roscrow:** I suppose that there are a couple of bits to that. We probably lack some very skilled professional people with the necessary attributes in some areas. I used orthopaedics as an example earlier. We were quite fortunate to recruit somebody who had a particular level of expertise in that area about 18 months ago. As a result, we were able to deploy a particular strategy to drive significant benefit. We are examining more of our non-pay expenditure, and we had a big project on mental health that has delivered a lot of benefit. That is quite a complex area. Do I have a number of people with the requisite skills to look at that? No, I do not.

[95] **Julie Morgan:** So, how do you overcome that?

[96] **Mr Roscrow:** Well, we are developing that slowly as we go along. We have people in-house who are sharing their knowledge with a wider group of people. That is also part of what we are generally trying to do anyway, as we look at such things as succession planning, where the skill sets and the information is known.

[97] **Julie Morgan:** So, the capabilities are being improved, are they?

[98] **Mr Roscrow:** The capabilities are being looked at, yes. We have numbers of people; what we do not necessarily have is people with the requisite skills in all the right areas, or the skill sets that some people have are not vested in as many people as we would like. That is a

risk to us, yes.

[99] **Darren Millar:** May I just check, going back to the self-assessment toolkit, whether you have ever used it?

[100] **Mr Roscrow:** Not personally, no.

[101] **Darren Millar:** Has anybody in the NHS in Wales ever used it?

[102] **Mr Roscrow:** They may have done so within the NHS Wales Informatics Service, but I would have to check that. I am not sure.

[103] **Darren Millar:** How do you know, therefore, that it might only be beneficial in certain circumstances?

[104] **Mr Roscrow:** It is because it is quite a big tool, so you need to work through the evaluation process. There is a RAG—a red, amber or green—rating against a number of aspects within the model, which would require you to work through all of the different areas of that to RAG rate it. What I am trying to say is that, if you have spent £1,000 on an external view of something, to apply that model to that £1,000 looks a bit disproportionate to me.

[105] **Darren Millar:** What would you regard as significant levels of expenditure, therefore? Where would you expect this to kick in?

[106] **Mr Roscrow:** It would probably be appropriate to look at it from £5,000 upwards.

[107] **Darren Millar:** That is your assessment, based on the fact that you have never used it.

[108] **Mr Roscrow:** It is a personal view, yes.

[109] **Darren Millar:** And that is based on the fact that you have never used it.

[110] **Mr Roscrow:** Yes.

[111] **Ms Cahill:** The other thing in support of that is, while Mark has mentioned that he has not used it personally, we cannot confirm whether other colleagues in procurement services have done so or not. However, public procurement legislation determines a number of the facets that are in that toolkit, and that is legislation that we have to work to anyway. So, while it is set out in a slightly different way in the toolkit, that is part of our standard sets of procedures and policies anyway. To compare it to a project management tool, it is like trying to compare something like PRINCE2 methodology to basic project management. Therefore, as Mark highlighted earlier, it is horses for courses, based on complexity and value. We do have a toolkit that is set by public procurement rules, which forces us to go through a number of those stages, it is just not set out in exactly the same format. So, we would be going through that in a similar format with a different name to the toolkit.

[112] **Mr Roscrow:** Part of what we do—the principles of the model—is to look at whether the consultancy addressed the areas that were in the brief, whether we had that on time and whether it was to budget et cetera. So the principles that are prescribed in that toolkit are what we would follow as part of normal good practice.

[113] **Darren Millar:** This has been around since 2006, and the auditor general reckons that it could save the global public services in Wales about £23 million per year if applied consistently. You have your own procurement guidance to which people are adhering, but you

are also telling me that you are not sure whether other colleagues of yours are using this toolkit as well. So, there is some inconsistency in the way that you apply things, is there?

[114] **Ms Cahill:** No, not inconsistency. When you asked the question initially, you asked whether we knew of anybody in the NHS who is using it. Sitting here, we cannot say that we know of anybody in the NHS who is using it. That is what that point was relating to.

[115] **Darren Millar:** Yes, but you are telling me that you have your own guidance—

[116] **Ms Cahill:** It is not our guidance; it is public procurement legislation.

[117] **Darren Millar:** Okay, you have public procurement legislation, but there is also this toolkit, and you are not sure whether people are paying regard to it in addition to the public procurement guidance or not. How confident are you that it will not add value to your decision-making processes?

[118] **Ms Cahill:** I am not aware of whether it is being used or not.

[119] **Mr Roscrow:** Coming back to the procurement process and what has to be gone through to determine whether we are getting value for money from that, that is prescribed and that is clear. We rigorously follow that process. Being able to demonstrate value for money from the original procurement is one aspect of it. So, we have what we believe is a good value proposition to take forward. The important part of the tool then is whether, in the case of consultancy, that piece of work, project, or whatever it may be, has been completed to time, to budget and to the quality that we expected. That is what I am saying is a by-product of contract management, almost.

[120] **Mohammad Asghar:** Basically, business cases were used very rarely and, where they were used, they were poor in quality and variable. That is in the report; those are not my words. How is NHS Shared Services encouraging NHS bodies to make better use of business cases in planning and delivering consultancy projects?

[121] **Mr Roscrow:** NHS Wales has, through and with the Welsh Government, a standard business case template. There is further guidance forthcoming—I am not exactly sure when it is coming back out from the Welsh Government—on the production of business cases and business justification documents. So, there is a prescribed process and set of documentation that the NHS is and will be asked to complete to support that process of the creation of business cases, whether it is to seek funding or whatever the business case justification document is attempting to address. That is due out fairly soon, but I am not quite sure when it is coming.

[122] **Jocelyn Davies:** Yes, but his question was about the poor quality of the business cases, not whether somebody put one together; the report says they were of poor quality. So, what are you doing to improve the quality of the business cases? That was the question.

[123] **Mr Roscrow:** It depends on which business cases we are looking at, because we are not putting those business cases together; that would rest with the health boards and trusts. The templates that are being created are attempting to get what would be described as a best-practice approach to that, but it is a health boards and trusts initiative, supported by what the Welsh Government is trying to do in saying, 'This is a standard template, which reflects best practice' to try to bring the standard of those business cases up to a consistent level.

[124] **Jocelyn Davies:** So, it has nothing to do with you.

[125] **Mr Roscrow:** Not in most cases, no.

[126] **Jocelyn Davies:** So the answer is ‘nothing’.

[127] **Mohammad Asghar:** What guidance has been issued by NHS bodies with regard to the procurement and management of consultancy services?

10.30 a.m.

[128] **Mr Roscrow:** We issued a guidance document around best practice a number of years ago, which gave an approach that would encourage the way people went about getting consultants. It actually started off by saying that you need to ask yourself some fundamental questions: ‘Do we need this consultancy in the first place?’, ‘Can we get it in-house?’ et cetera. It works through a series of questions, and assuming you answered ‘yes’ to those, it asks, ‘What do you need to do?’, and provides some template documents for people to complete.

[129] **Mohammad Asghar:** So, you have provided guidance a few years ago.

[130] **Mr Roscrow:** Yes.

[131] **Mohammad Asghar:** Have you monitored whether the guidance was actually achieved—the standard that you put in there?

[132] **Mr Roscrow:** In terms of the people who carry out the procurements, I would say that, yes, there has been an improvement in the standard, and the way that consultancies have been procured. As the report says, there are some instances of where the procurement approach has not been followed. I can only relate it to where we are involved in that process, and where due process has been followed.

[133] **Darren Millar:** Is there a business case attached to every procurement request? Is that not good practice that ought to be followed?

[134] **Mr Roscrow:** Not to every procurement request—

[135] **Darren Millar:** In terms of consultancy.

[136] **Mr Roscrow:** Oh, for consultancy; again, for the most part, yes, it would be best practice. Again, I suppose it comes back to what consultancy you are looking for, how much it is likely to be, and the need for a business case to justify that expenditure.

[137] **Darren Millar:** Should there not be a business case for every consultancy?

[138] **Ms Cahill:** I think it is fair to say that there may not be a full-blown business case—that depends on the value and complexity—but there will be business-case documentation to support every one of those. So, depending on the value and complexity, it could be a simple justification on an A4 sheet, or something that follows the five-case business model that has come out of the Welsh Government.

[139] **Darren Millar:** It is extraordinary, then, is it not, that the auditor general found that, of the 93 projects—albeit in seven public bodies, some of which would have been NHS and some of which not—only 17% had a form of business case or financial justification set out as to why consultants needed to be engaged? What percentage of the requests that you receive to procure management and consultancy services have a financial justification attached to them? Are you able to tell us that?

[140] **Mr Roscrow:** I do not have all the figures here, but in terms of the requests that we would have to get consultancy, as Adele says, there will be everything from a justification document through to a business justification case.

[141] **Darren Millar:** So, 100% of yours have a business case or financial justification.

[142] **Mr Roscrow:** There will be a form of justification.

[143] **Darren Millar:** So, they will all have a business case or financial justification attached to them.

[144] **Ms Cahill:** For every one that procurement is aware of in advance, then, yes, there will be. Whether it be a single sheet or a five-case business model, there will be some form of justification.

[145] **Darren Millar:** I will be interested to hear from the Wales Audit Office in advice to see whether that matches up with its experience.

[146] **Julie Morgan:** That is related to—*[Inaudible.]*

[147] **Darren Millar:** Every case.

[148] **Ms Cahill:** Everything over £5,000 that procurement is involved in ahead of the procurement will have some form of justification.

[149] **Darren Millar:** Okay, so that is the caveat.

[150] **Mr Roscrow:** That is in line with our standard norm.

[151] **Mike Hedges:** Have I got this right: you are using workforce planning to reduce dependency on consultancy services? You are trying to do as much as you can in-house, and you are working to a plan to employ people across your organisation so that you do not have to use consultancy?

[152] **Mr Roscrow:** In some areas, yes. The legal example is an example where we are doing exactly that.

[153] **Mike Hedges:** Are there any examples of where you are not doing it?

[154] **Mr Roscrow:** I suppose it depends—some organisations may be going out for consultancy support for things like capital projects. For example, an organisation may need a quantity surveyor to work on a particular project, but the size of the organisation may not warrant employing a full-time quantity surveyor.

[155] **Mike Hedges:** Following on from that, what are the advantages of working with other parts of the public sector, be they universities, local authorities or other bodies, in order to reduce the need to bring in external and often very expensive consultants?

[156] **Mr Roscrow:** Absolutely, and the advice that we gave originally was to explore those options—see whether you have anything in your own organisation or your peer organisations, or, potentially, even start to look at universities—that might be an option that you may be able to look at.

[157] **Mike Hedges:** Returning to your quantity surveyor question, an awful lot of quantity surveyors are employed in the public sector in Wales and there is not as much building and

construction work going on as has been the case in the past, for all sorts of reasons. So, I would have thought that, surely, using someone from another public sector organisation would be a much cheaper option than going out to a consultancy. What is being done to explore those avenues?

[158] **Mr Roscrow:** That is a good point, and it has been talked about. I suppose that part of the discussions that people have—you have Value Wales giving evidence later—is to look at those opportunities. What we do not have is a reservoir of what organisations have in terms of available skills and what resource capability and capacity may exist.

[159] **Mike Hedges:** The organisations themselves should know, should they not?

[160] **Mr Roscrow:** Yes. I am saying that I, personally, would not know whether a particular council had quantity surveyors employed there and whether they would have the capacity to undertake projects.

[161] **Mike Hedges:** I live in the ABMU area; I would not have thought it beyond ABMU to contact the three local authorities that cover that area to ask, 'We're trying to do this work and we need a quantity surveyor; have you anyone you could rent out to us for three to six months in order to carry out this work?'

[162] **Mr Roscrow:** That is a perfectly fair point.

[163] **Mike Hedges:** Do you know anybody who has done that?

[164] **Mr Roscrow:** I cannot think of an immediate example. In procurement, we have examples of secondments and where we are sharing organisations, and we have done some work for the Welsh Government—on procurement, actually. We have some people seconded to the Welsh Government. So, there are some examples. I am not sure of others; it may be happening, but we would not necessarily know about it.

[165] **Mike Hedges:** As you raised the issue of quantity surveyors, would it be possible for you to write to us to tell us of any cases where quantity surveyors have been—

[166] **Mr Roscrow:** I would have to ask the specific organisations. It is not a piece of information that we would have readily available.

[167] **Mike Hedges:** Could we ask to have that in writing?

[168] **Darren Millar:** Yes, if you are able to obtain that information, it would be very useful.

[169] **Mr Roscrow:** We can ask, certainly.

[170] **Darren Millar:** Can I put a question to you? Given the issue that you have raised, which is that you are not able to identify which parts of the public sector might have the expertise, shall we say, that you might need to procure, would it be helpful if there were some sort of national register of professionals or expertise within the public sector in Wales that you could dip into as a resource from time to time? That would help. There is no such register at the moment, is there?

[171] **Mr Roscrow:** Not that I am aware of.

[172] **Darren Millar:** Okay. Thank you.

[173] **Mr Frow:** As an example—I think it was with internal audit—at Torfaen council, one of the internal auditors was seconded across to us for a while when we had a shortage, and I think that there are more opportunities that we need to explore, pan-public sector, to help in covering shortfalls. So, yes; it would be an excellent idea to have a register.

[174] **Mr Roscrow:** There is another thing that we are trying to do, coming back to my legal example—not wishing to flog that to death. Where we have our lawyer, we are putting him in contact with lawyers in local authorities and, indeed, with our colleagues in Northern Ireland and Scotland so that there is a collective sharing of information and learning. If there is a case or an issue that they may have dealt with, he is more up to speed or we are spending less time having to work through it if somebody has already done so, and we are starting to share some of that.

[175] **Darren Millar:** So, the collective experience et cetera can be put to good use. However, a register would still be helpful.

[176] **Mr Roscrow:** Yes, I think that it would.

[177] **Darren Millar:** Okay. Thank you. Jenny?

[178] **Jenny Rathbone:** What powers or levers do you have to stop health boards ignoring the Welsh Government's procurement policy?

[179] **Mr Frow:** In terms of shared services, we are there to support health boards and trusts across Wales in terms of the administrative processes relating to procurement, and we provide professional procurement advice. Ultimately, procurement decisions and governance arrangements are the responsibility of each health board or trust. That does not fall within our remit. However, we have a number of local teams, which Adele heads up, which give regular advice and work with officers within health boards and trusts in order to try to ensure that the procurement is done appropriately. We are there to offer support; we cannot force them to do something that they do not want to do. However, we have a really good working relationship with health boards and trusts. As part of the shared services partnership committee, it is possible to have discussions about some of the national work that goes on.

[180] **Jenny Rathbone:** Based on the investigation in this report, a year ago, for the two health boards that were looked at, 80% of the contracts did not comply with the Welsh Government's procurement policy. So, you may have a good relationship with these people, but they do not appear to be taking any heed of the Welsh Government's policy. Here, we have examples of people taking on consultants based on who they know, rather than what they know. I am struggling to understand what levers you have to put a stop to this, because, in some cases, they are breaking the law—the EU regulations—and in other cases, they may not be providing best value, because they are not even asking for three written quotes.

[181] **Ms Cahill:** The health board and trust standing financial instructions are very explicit about the rules of the game and they link very closely to the EU public procurement regulations. While, as Neil suggested, we cannot force the health boards and trusts to follow that advice, where professional procurement advice is not adhered to, there are good support mechanisms that report that back through into shared services and also back into the boards of the health boards and trusts, and then on to the audit committee from there. So, I would have to assume that those examples that you referred to have been reported back as a governance issue through to the audit committee, because that particular health board or trust would not have adhered to Welsh Government policies and procedures, as you suggest. Now that we have the shared services committee, which is representative of each of those health boards, we have the opportunity to discuss in a lot more detail prior to the creation of shared services.

[182] **Jenny Rathbone:** Have you discussed the issues outlined in this report? It was published in February. It is very clear that they are both ignoring the Government's policy and, in some cases, breaking EU regulations.

[183] **Mr Frow:** It has not yet been discussed at the shared services branch committee.

[184] **Jenny Rathbone:** Why not? It was published in February, so this has been in the public domain for a couple of months.

[185] **Mr Frow:** Shared services has recently gone through a change. We were set up originally as a virtual organisation and it was only last June that we came together as a hosted organisation. We are going through a process of bringing together a number of different parts that we inherited from various health boards and trusts. We are on a journey. We are trying to standardise, ensure collaboration, work together and improve our customer services. So, the honest answer is that we have not discussed this yet, but it is something that we will be bringing through to the shared services committee. Also, I know that there are opportunities for directors of finance and procurement to take this forward in their regular discussions.

[186] **Jenny Rathbone:** The impression that I am getting is that you lack the teeth to get the health boards to comply.

[187] **Mr Roscrow:** Ultimately, we have no power to stop a health board or trust from doing something that it decides that it wants to do that may contravene procurement rules or EU rules. We have no power to stop them doing that. There is no power within our shared services governance structure that gives us that authority.

10.45 a.m.

[188] **Jenny Rathbone:** What about other organisations? Does Value Wales have any powers?

[189] **Mr Roscrow:** No. The standing financial instructions, which the Welsh Government has agreed and given to NHS Wales, are consistent, but they allow chief executives and directors of finance to circumvent the standing orders if they deem that there is a reason so to do. That is not something that we have any power to do anything about.

[190] **Jenny Rathbone:** In terms of what you might be able to do to discourage this sort of practice in the health sector, which could mean that we are wasting money unnecessarily on contracts that do not provide the best value, what are you able to do? You have this committee; do you intend to lay on any training sessions for members of health boards so that they are aware of their legal obligations?

[191] **Mr Frow:** From a shared services point of view, as I said, we are on a journey. In terms of the procurement function, we are going to consultation with our staff at the moment around bringing together the teams. We have restructured, and Adele is looking after the NHS engagement side. As part of that, we intend to help train and educate managers within health boards where need be. Do you want to expand, Adele?

[192] **Ms Cahill:** It is fair to say that, prior to shared services coming together, each local procurement team would have been working individually within their own organisations. What we now have, with shared services together, is control of all the staff. Therefore, the programmes that we put in place around training will be consistent, and we can put a programme timetable around it in order to make sure that all health boards and trusts have been trained in these policies and procedures. What we may be seeing, with the turnover of staff at health boards—not necessarily in procurement, but in all disciplines—is that maybe

not all areas have been covered appropriately in the last couple of months and years. So we now have that gift, within shared services, to control that much more strongly.

[193] **Jenny Rathbone:** Based on the snapshot that took place 12 months ago, there is an awful lot of work to do to ensure that health boards are aware of their legal obligations.

[194] **Ms Cahill:** Absolutely.

[195] **Jenny Rathbone:** They are not complying with the law at the moment. Based on the information that we have here, we do not know whether these two were the worst performing in this regard and that is why they were chosen. However, the picture is not a happy one.

[196] **Jocelyn Davies:** Would training of staff on procurement include the chief executives of those bodies? It was the chief executive that let this tender.

[197] **Ms Cahill:** Absolutely.

[198] **Jocelyn Davies:** So, everybody that is involved in procurement will come under your training.

[199] **Ms Cahill:** Yes.

[200] **Jocelyn Davies:** As Jenny Rathbone just said, for it to be 10 out of 12 contracts within one organisation, that is not a situation that has just cropped up in an emergency; that is the culture of that organisation. Do you feel that you are equipped in order to address that?

[201] **Ms Cahill:** Yes.

[202] **Darren Millar:** Have you raised concerns about your lack of teeth, as you put it, with the Welsh Government? Do you flag these issues up with the Welsh Government when you identify that a single-tender contract has been let?

[203] **Mr Roscrow:** We are into the development of the journey. The creation of shared services has given us the right platform on which to develop these things. The evolving use of the committee and the internal audit reports that flow through this committee gives us an opportunity to have that debate with the NHS. What we then have to do is look at the mechanisms that we have for reporting to Welsh Government—through Neil, to David Sissling—on the areas in which it is difficult for us to progress and on which we need David to decide whether he can help with it or take a different approach to it. That is an evolving position for us.

[204] **Darren Millar:** With respect, you did not answer my question. Have you raised concerns about your lack of teeth with the Welsh Government to date?

[205] **Mr Frow:** No.

[206] **Jocelyn Davies:** Are you comfortable with your constitutional arrangement and the fact that decisions made by the health bodies are nothing to with you? You provide the guidance, training and professional development, but actual decisions are not a matter for you. Are you happy with that? What I am saying is that we know about this, because it is in the auditor general's report; he has done the work on this. Would you be producing such reports saying that this is not acceptable?

[207] **Mr Roscrow:** I agree that it is not acceptable. Would it be better if we had the power to stop that? Yes, it would. In order to get to that position, there are some challenges to

overcome.

[208] **Darren Millar:** Mr Roscrow, you referred to internal audit procedures, so have internal audit reports that have been prepared within the NHS identified this as a problem?

[209] **Ms Cahill:** They will have, yes, and the local procurement teams prepare a quarterly report for the audit committee to consider. All single-tender action will be recorded there.

[210] **Darren Millar:** That is helpful; thank you.

[211] **Jocelyn Davies:** What is your overall assessment of contract management capability within the NHS? Have you done some sort of assessment as to the capability of the NHS?

[212] **Mr Roscrow:** We have. Contract management is variable, to be honest, and there are some contracts that require better management than others and some that potentially do not. It comes back to the definition of 'contract management'. I do not think that we have had enough resource, historically, going into contract management in some areas. That is something with which we could probably do more. As we consider our evolving structures and available resources, we look for areas in which we need to do more.

[213] **Jocelyn Davies:** How do you think that the NHS compares with other public sector organisations in this regard?

[214] **Mr Roscrow:** We are probably atypical and slightly better in some areas.

[215] **Darren Millar:** Okay. Are there any further questions from Members? I see that there are not. Therefore, that brings us to the end of this item on our agenda. I thank each of you for attending today. We appreciate your help with our inquiry. You will receive a copy of the transcript of today's proceedings, and if there is anything that needs to be corrected for factual accuracy, please feel free to get in touch. Diolch yn fawr iawn. Also, you said that you would send some information on the reductions in other expenditure areas and the issue that Mike raised.

[216] **Mr Roscrow:** Will we have a summary of that, or a note? We do not want to miss something that we think that we have covered, but have not.

[217] **Darren Millar:** That is right. We will ensure that the clerks send one on to you. Thank you very much. We will just wait now for the musical chairs.

10.54 am

**Gwaith Caffael a Rheoli Gwasanaethau Ymgynghori—Tystiolaeth gan
Lywodraeth Cymru
The Procurement and Management of Consultancy Services—Evidence from
the Welsh Government**

[218] **Darren Millar:** We will now take evidence from the Welsh Government. I welcome Michael Hearty, the director general for strategic planning, finance and performance; and Alison Standfast, deputy director of procurement, Value Wales; and Kerry Wilson. We are grateful for your attendance today to give us some further information and add to the work of our inquiry. You will be aware of the background to this: the Wales Audit Office produced a report, which made it clear that, while there had been an overall reduction in consultancy expenditure within the public sector in Wales—a welcome reduction—the auditor general could give no assurance to this committee that value for money was being achieved in the

expenditure that was being made. Obviously, there has been a fall. Can you tell us whether that fall is due to the general financial pressure that the public sector is under at the moment, or is it due to improved procurement processes? Mr Hearty, shall we start with you?

[219] **Mr Hearty:** Yes. Would you like me to answer in terms of the Welsh Government or the public sector in general?

[220] **Darren Millar:** You can answer in terms of both; whichever way you choose.

[221] **Mr Hearty:** I know that the report reflects the fact that, from a Welsh Government perspective, we have managed to make some savings over a period—£10 million over three years, which is 19%. It is probably fair to say, and I think that the report reflects the fact that, by its nature, that was almost of its moment and was a cost-reduction exercise because of the pressure that was brought to bear as a consequence of the last spending review. I think that we would like to think that, going forward, there is always room to improve and to drive out better value for money. I think that the report highlights—and which we quite welcome—that anything that we do in that space has to be part of an overall structured approach that focuses on the need, planning around that need, that the right resource is in place, and that we have a better evaluation of what people have for the consultancy that they have invested in. So, while there is always room to improve—and, as a consequence of improvement, you will expect to get better value for money and a cost reduction—we would like to see the Welsh Government and the wider public sector engage on that more in terms of the more strategic approach that the report highlights.

[222] **Darren Millar:** In terms of the categories of expenditure within the Welsh Government, for example, have you seen those fall by a similar sort of percentage? You indicated about a 19% or 20% fall in management and consultancy fees.

[223] **Mr Hearty:** I think that the 19% is focused on management consultancy fees. Do you mean across—

[224] **Darren Millar:** Yes. In terms of all categories of expenditure, how does this compare in terms of the reduction?

[225] **Ms Standfast:** I do not have the figure, but overall procurement expenditure has not fallen by as much as the consultancy area. So, it does suggest that some of the controls have helped, although it is clearly not all that can be done.

[226] **Darren Millar:** Given that there were high levels of expenditure in previous years, does that mean that we were wasting money in previous years on management and consultancy fees?

[227] **Mr Hearty:** I do not think that that is necessarily the case. You would have to analyse what the particular projects were.

[228] **Darren Millar:** Have you done any analysis to learn from experience?

[229] **Mr Hearty:** I think that most of the work that was folded into the work that Value Wales does, and the thinking around things like setting up a consultancy advisory service that the report reflects, is all built on what we have learned over time about the use of consultancy within the Welsh Government.

[230] **Jocelyn Davies:** Are they routinely evaluated? Is that what we are asking, really?

[231] **Darren Millar:** Yes, that is right.

[232] **Jocelyn Davies:** Is there routine evaluation of consultancy use?

[233] **Mr Hearty:** In global terms, within each directorate-general in the Welsh Government, there is a framework of controls that analyses and looks at requests for spend on consultancy. That control framework is what should be challenging to make sure that it is the right use of consultancy in the right way. The work that we did, which is reflected in the report around managing with less, took us into a place where we looked across the piece about the use of consultancy. So, that was a global view of consultancy spend.

[234] **Jocelyn Davies:** I see, but there is not individual evaluation of work done by consultants after the work is done.

[235] **Mr Hearty:** Alison will have more of the detail. Part of the learning journey from the Wales Audit Office report means that we need to do more in that space. As we have engaged with consultancies in delivering different projects, there will be evaluation and benefits realisation examination once the project has closed.

[236] **Darren Millar:** One of the issues that the auditor general's report flags up is that the Welsh Government, by far, spends much more proportionately on consultancy than any other part of the public sector in Wales: 16% of total salary cost, compared with 3.1% in local government and 1.6% in the NHS. Why is that?

11.00 a.m.

[237] **Mr Hearty:** I think that the reason for that is something to do with the nature of the role of Government, compared with the nature and role of local government and health authorities. So, some of our consultancy spend will be on things that local authorities do not need to spend money on. For example, if marine biologists are developing a marine strategy, we would not carry that as a staffing resource. We would need the intelligence and the wider thinking while we were developing the strategy, but we would not carry that as a standing staff resource. However, local authorities and health would not need to invest in that sort of consultancy.

[238] Secondly, we spend on things that you would probably see health and local authorities spending on, but it is just that the quantum is bigger. Construction—building schools and roads—is something that the Government does to a greater quantum than the other two areas. The third, and the most curious, is where Government spends to enable other areas, like local authorities and health, not to spend. We invested in consultancy to support xchangewales, which was meant to help the rest of the public sector in Wales spend money more wisely. So, there are justifiable reasons why there should be a logical difference between local government, health and—

[239] **Darren Millar:** So how does your spending experience and pattern compare with the UK Government, the Scottish Government and the Northern Ireland Executive? Have you done any benchmarking to see if you are spending at a higher rate than others?

[240] **Mr Hearty:** The report suggests that there is no benchmarking information that we could use as a broad—

[241] **Darren Millar:** Have you asked? Have you made any attempts to benchmark?

[242] **Ms Standfast:** We have tried. It is one of those issues of the data being collected differently. All the audit reports in those other parts of the UK have also picked up on the issue of data not being as easy to access as they should be. What we were able to gather was

not really meaningful. I do not know if you want to add to that, Kerry, but we do work closely with Scotland and Northern Ireland all the time.

[243] **Ms Wilson:** Yes, we did ask the direct question of colleagues in both Scotland and Northern Ireland and they were unable to give us that direct comparison in terms of percentage of spend as part of total staff costs.

[244] **Darren Millar:** So, they do not know how much they are spending on consultancy; is that what you are telling me?

[245] **Mr Hearty:** You might have to ask them, rather than us.

[246] **Darren Millar:** That is what they told you, though, is it? I find that bizarre.

[247] **Ms Wilson:** They are able to report in a similar way to us, from similar sources, on spend on consultancy. The report highlights that the Welsh Government spends 16%, as a comparator, but they were not able to give us that comparison.

[248] **Darren Millar:** Surely they publish their staff costs somewhere.

[249] **Mr Hearty:** They publish their staff costs, but—

[250] **Darren Millar:** If you have the total spend on consultancy and management fees, you just apply it to the total staff costs, do you not? That is what the auditor general has done. You can get a benchmark pretty easily, can you not? It is a bit of a lame excuse.

[251] **Mr Hearty:** One of the things that comes out of the WAO report is that one of the challenges for us in Wales, and more broadly, is to be able to find the classification and definition of consultancy on a consistent basis across the piece in order to make reasonable comparisons across other areas. That is the challenge that we face.

[252] **Darren Millar:** Mike, you wanted to come in, and then I will bring Jocelyn in.

[253] **Mike Hedges:** I will ask the same question that I asked earlier. The situation is that there are an awful lot of people with skills in other parts of the public sector. You mentioned marine biologists, for example; there may not be marine biologists in local authorities or in the health service—I think that you know where I am going with this—but there are an awful lot of marine biologists in universities. How about using skills from other parts of the public sector? I do not know whether you heard the discussion that took place earlier, but we talked to previous witnesses about bringing in quantity surveyors, for example; there are an awful lot of quantity surveyors in local government and in other bodies. It is about whether you can try to use public sector surplus capacity and work with other parts of the public sector rather than go out to consultancies, which are often not based in Wales and are very expensive.

[254] **Mr Hearty:** Yes, and that is part of the challenge, going forward. We absolutely understand that the answer cannot always be to just go for consultancy if, somewhere in the public service in Wales, we have that expertise. It is about how we put the right sort of visibility in place around that, and the right sort of collaborative working, in order to draw those skills out and use them at the right and appropriate time. That is part of the agenda, going forward.

[255] **Darren Millar:** Just as a follow up question to that, before I bring in Jocelyn, one thing that we discussed with the previous witnesses was their ability to identify other parts of the public sector that might have people with useful expertise. We discussed with them whether a national register of particular expertise might be helpful. Do you think that the

Welsh Government could take the lead on that? Do you think that that would be a good idea?

[256] **Mr Hearty:** Part of the work of creating the national procurement service is to look across the whole of the public service in Wales and to develop, build and put in place best practice. We will do whatever we can to make that a more effective way of using our existing experience in the public sector, rather than drawing down consultancy; we will work on anybody's ideas. Alison, I do not know whether you want to add to that.

[257] **Ms Standfast:** Yes. The public service leadership group, in its previous guise as the efficiency and innovation board, had a workforce strand, and there is still a workforce partnership council taking that approach. We see the national procurement service, as it better understands the need, feeding into some of that work, so that skills are developed in the right areas and used where possible. There are some examples of it happening: the Legal Services shared-services approach is an attempt to do that. There are discussions going on in particular functions, through some of the Simpson work, particularly looking at transport, technical services and trading standards. There are areas where it is happening, but I would not suggest that they have solved the problem yet.

[258] **Jocelyn Davies:** You mentioned earlier that approval controls must be working, because you have seen this reduction. Can you give us a note on the approval controls and the delegation of procurement consultants, so that we are able to see where we are?

[259] **Mr Hearty:** Absolutely.

[260] **Darren Millar:** Before we move on to the next issue, I have a question on workforce planning within the Welsh Government. Given that you are spending a lot of money on consultancy, is that a poor reflection on the workforce planning that has taken place? Also, with the Welsh Government's ongoing departure scheme, have you been losing expertise? Is that one of the reasons that consultancy and management costs may not be coming down as quickly as you, or other people, would want?

[261] **Mr Hearty:** I do not recognise that. Workforce planning within the Welsh Government, within individual director-general areas, is robust. Part of the challenge for the organisation as a whole is to take that to the next level, in terms of pulling together an organisational view of workforce planning, and trying to match that up with the organisation's overall work plan. So, it is about how you match it up. It is okay to produce a workforce plan, but if you do not know what you are trying to deliver, it is quite tricky. We have the programme for government, we do a lot of work around business planning to understand how we will deliver elements of the programme for government, and the workforce plans need to fold into that. It is an area that we are developing, organisation-wide.

[262] At the moment, we are developing an organisation-wide workforce-planning approach, utilising a small taskforce of civil servants within the Welsh Government. We will be piloting that within central services over the next 12 months. We hope that that will start to identify the skills needed for a particular post and the training needed to deliver the skills in that post, and start to focus on whether we have those skills in place. It is about having a sort of red/amber/green rating, more locked on the overall delivery of the plan, rather than asking, 'Have you got the right skills?' Having the right skills, doing the right thing, is quite important. That is the sort of thing that will put us in a position of knowing better, on individual director-general level, what the overall training need is in order to build capacity and capability in the Welsh Government.

[263] **Ms Standfast:** The report recognises that the right use of consultancy is a good thing. I would not want to give the impression that the objective was to avoid consultancy. For some particular projects, specialist work is important. The trick is not to end up keeping those

people to do the operational work, when you should be transferring the skills. I wanted to say that.

[264] **Darren Millar:** That is a fair point. We do acknowledge that.

[265] **Jocelyn Davies:** Have you done anything to disseminate the lessons learned from the managing-for-less programme across the wider public sector?

[266] **Mr Hearty:** The work that we do through the public service leadership group on the four national strands, namely assets, procurement, effective services and— When you start by saying ‘four’, you cannot think of the fourth, can you? It is the organisational design and Simpson implementation. That is the vehicle for developing and implementing ideas around driving down costs and getting better value for money across the public service in Wales. We capture the work that we do on that in a measurement framework. Part of the management of that framework includes a measurement group. One of its objectives is to ensure that we share best practice on those things across the wider public sector.

[267] **Jocelyn Davies:** Is that working?

[268] **Mr Hearty:** At the moment, we are pulling together the measurement framework. We have it in place and it is populated. Having done that, we are now starting to explore how we will disseminate that information across the public service.

[269] **Jocelyn Davies:** So, this is just the beginning of dissemination. How much do you think has been saved to date through the managing-for-less programme?

[270] **Mr Hearty:** I noticed in the report that there is a small subsection that says that we would provide a note to update you on that.

[271] **Jocelyn Davies:** What paragraph is that?

[272] **Mr Hearty:** I am looking at box 3 on page 20, where the note says:

[273] ‘It set the target of reducing its central services budget by £77 million in real terms between 2010-11 and 2013-14.’

[274] However, the £14 million is only for the first year and I think that we have provided you with a note that updates you on where we are overall on that.

[275] **Darren Millar:** That is very helpful; thank you.

[276] **Jenny Rathbone:** How does Value Wales intend to improve the consistency and quality of all procurement-related data across the public sector? We have just had a conversation about our inability to compare ourselves with Scotland and Northern Ireland, but what about being able to compare ourselves within public sector organisations?

[277] **Ms Standfast:** It is very difficult, because everybody is currently using different finance systems, approaches and classifications. The Spikes Cavell data that we brought together is better than not having anything at all, so we have certainly made some improvements towards understanding which suppliers we are commonly dealing with and an indication of the categories of spend. Taking it forward, as we set up the national procurement service, part of the role of each head of category will be to understand properly what is going on with that expenditure area—getting behind the data and getting an understanding of what organisations need to do. It is not purely data that are going to solve the issues. We also have the former xchangewales programme, which is about e-procurement. We are now moving that

into the next generation of an e-procurement service. The more that people use common tools, the more that that sort of process can extract data in a more real-time way, which will help to improve that. The answer is that it is a combination of things. We see this as really important in order to get the most out of what we spend and understanding it at a slightly more granular level.

[278] **Jenny Rathbone:** Do you have the capacity to do this in-house within the Welsh Government, or do you always have to go to external contractors?

[279] **Ms Standfast:** As it stands today, everybody is not using the same e-procurement tools and we do not have that mechanism. Within the Spikes Cavell observatory, there are over 80,000 suppliers and you can imagine the amount of records. Doing that analysis is a programming function, which is why we buy it in at the moment. There is an element whereby that might need to continue. As people make more use of e-procurement tools, it will cut down our need to buy things in, so it is a mixture. We certainly do not have it today, but the more we can get people to use common systems and tools, the less we will need to buy in.

[280] **Mike Hedges:** I have three separate questions. First, what progress is being made towards common tools? If you cannot have common tools, there is no reason why you cannot have common rules. Secondly, we have just heard from the NHS that it did not need to use Spikes Cavell to cleanse and standardise its data: do you have to use it to cleanse and standardise your data? Thirdly, how is anybody ever going to get to grips with these things if there are no standard definitions? Would it be helpful for you to recommend to the Ministers concerned that a standard definition be sent out to all public sector bodies on what does and does not constitute using consultants?

11.15 a.m.

[281] I know that when people start looking at consultants, there are tricks around it—you do not call it procuring consultancy, you call it procuring support or procuring somebody to undertake tasks, and you just sort of hide it. Everyone knows that it is consultancy, but it will not be described as consultancy but as procuring somebody to undertake a specific task. So, it is a way a get out of using the word ‘consultancy’. I am trying to put it briefly, but should somebody send out common rules on what is and what is not consultancy?

[282] **Ms Standfast:** I will start and Michael can fill in what I do not. With regard to the NHS, as you know, they are in one shared service and all use Oracle and they are improving their coding for consistency, so I can understand that comment. However, the benefits of going into Spikes is that you can then compare across the NHS with local authorities. There is still an element of—they probably would not call it ‘cleansing’—putting data into a common format so that they can be compared. The Welsh Government has SAP, which is equivalent to Oracle. Again, looking purely at SAP data, the quality of that would be dependent on the coding that is done. Different people call the same supplier a slightly different name; that is the sort of cleansing that we are talking about. So, I do not think that the Welsh Government is in a different position from the NHS with regard to that first question.

[283] **Mike Hedges:** I asked about common rules. If you have problems with suppliers being called different things, why can you not code suppliers by number and then feed that number into a separate supplier database, so that it would not matter?

[284] **Ms Standfast:** I will not say that procurement is the answer to everything, but what we are doing within that is using the D&B D-U-N-S number, the Dun & Bradstreet number, for exactly that purpose.

[285] To move on to your points about a common definition, that certainly would be helpful

and it is something that the head of category in the national procurement service will need to do. I note that the audit report gives a definition at the beginning that excludes interims, and it is those interims, where you get people not just to give advice but to do some of the activities, that are captured by Spikes—it picks up all of it—and I would suggest that that is equally of interest. So, I would not necessarily want to see that avoided, and those are the things that, as you said, hide under the description of ‘project support’ and ‘tasks’, but it is still important for an understanding of what is brought in and what is done in-house to capture some of that. However, yes, greater consistency of definition would be helpful.

[286] **Mr Hearty:** To build on the last point, this is as much about culture and behaviour as it is about management and making decisions about using consultants. There is huge scope for standardisation and there is something for me about how you approach that, because we do not want to drive the law of unintended consequences. The example that you gave is a good one, where you do one thing to try to manage things better, but that just drives different behaviours, rather than investing time in trying to make sure that people do the right things in the first place. So, there is room in that space, but we are conscious that a lot of this agenda is as much about behaviour and culture as it is about getting the right consultant in the right place.

[287] **Darren Millar:** What has been the cost of the work undertaken by Spikes Cavell to the public sector in Wales? How much does it charge on an annual basis? Does it charge a lot of money?

[288] **Ms Standfast:** I have what I think the figure is. It is an estimate.

[289] **Darren Millar:** Give us a ballpark.

[290] **Ms Wilson:** I do not have a figure. We pay for one-off pieces of work. It is not an ongoing piece of work. So, it has been twice over the last several years. In 2010-11 and 2007-08, we commissioned one-off pieces of work to extract data from across finance systems across the public service. As Alison and Michael have already said, Spikes’s job then was to cleanse and match those data and try to apply some consistency. So, it is not something that we have as an ongoing cost, but we can confirm the cost.

[291] **Darren Millar:** How much has it cost to date?

[292] **Ms Standfast:** The last exercise was paid for by the economic development department, which is why we do not have the exact figure, but it was something like £200,000—

[293] **Darren Millar:** That, in itself, is consultancy.

[294] **Ms Standfast:** Yes, indeed.

[295] **Darren Millar:** So, it was about £200,000.

[296] **Ms Standfast:** We can give you the proper number. The scope depends on how much volume you want to put into it. The most recent exercise had, I think, about £3.4 billion-worth of purchase ledger put into it. You can always take a bit less, and then extrapolate your answers—

[297] **Darren Millar:** Essentially, however, what we are saying is that the cost of inconsistency in coding and processing is around £200,000—just for those two years, given the exercise. That is, essentially, what we can surmise, is it not?

[298] **Ms Standfast:** You could say that, but you are still going to want some means of analysing data. Even if everyone was coding the same way, you would want to be able to manipulate the data, so you are still going to want something to put it into, so that you can pull off reports quickly and easily.

[299] **Darren Millar:** You do not feel that you are able to do that in-house, do you? You feel that you have to buy in this work from Spikes Cavell.

[300] **Ms Wilson:** We are not able to do it for the whole of the public sector. We can do it for ourselves as the Welsh Government, as an organisation, but, in the context of the role of Value Wales as an enabler for all the public sector, we are not able to do that.

[301] **Mr Hearty:** We do recognise that there is a cost associated with it at the moment. As we are developing and putting in place the national procurement service, part of its role is about management of information and better analysis, so that we do not have to rely on that.

[302] **Darren Millar:** Certainly, you noticed that this was a problem back in 2007-08, which is why you brought Spikes Cavell in to do the analysis work, but nothing happened between then and 2010-11 to sort out that consistency issue, which is why you had to get them in again. There was a lack of urgency to resolve that, it would appear.

[303] **Ms Standfast:** I do not wish to disagree, but—

[304] **Darren Millar:** Please do.

[305] **Ms Standfast:** We will always need a means of analysing the data. Obviously, the cleansing part would reduce down, but you would still want something that you could put data into and extract answers from and do the analysis.

[306] **Darren Millar:** The question is whether you have to get outside people in to do that.

[307] **Ms Standfast:** I think that we probably do at the moment, because you are talking about programming skills. You are talking about actual—

[308] **Darren Millar:** This is something that you want to do on an annual basis, though. If it is something that you want to do on a continual basis, you ought to have this skill in-house, surely.

[309] **Jocelyn Davies:** Is there a business case attached to that, and does it justify it?
[*Laughter.*]

[310] **Ms Standfast:** What I can say, Chair, is that Scotland has invested large amounts of money in its e-procurement, and is a long way ahead of us, but it still uses Spikes Cavell. So, I would—

[311] **Darren Millar:** If it is wrong to use Spikes Cavell, however, whether it is in Scotland or here is irrelevant.

[312] **Jocelyn Davies:** You did not want to be compared to Scotland earlier on.

[313] **Darren Millar:** No. Mike, you wanted to come in.

[314] **Mike Hedges:** You mentioned 3.4 billion, I think it was. Would that be fields, records or characters?

[315] **Ms Standfast:** That was the expenditure.

[316] **Mike Hedges:** Did you say that it went to £3.4 billion?

[317] **Ms Standfast:** It was £3.4 billion-worth of purchase ledger extra spend.

[318] **Mike Hedges:** Do we know how many fields, records or characters—preferably records—were being analysed?

[319] **Ms Standfast:** I can get that figure for you. I can say that it is over 80,000 individual supply records.

[320] **Mike Hedges:** Sorry, is that 80,000 different suppliers or 80,000 supplier records, where some suppliers will have done more than one?

[321] **Ms Standfast:** They are different suppliers, I believe.

[322] **Darren Millar:** Jocelyn is next.

[323] **Jocelyn Davies:** What sort of progress is being made on the establishment of the national procurement service and the consultancy advisory service?

[324] **Ms Wilson:** The Minister for Finance made an announcement on the establishment of the national procurement service about two weeks ago. Work is under way now to resource and set it up, with a view to it being live and operational from November this year. The Welsh Government will be the host organisation for the national procurement service, and we are currently undertaking a piece of work to plan the forward work programme and priority areas of activity for when the service goes live. The consultancy advice service will, essentially, be one of the category areas, so the NPS will work across 16 areas of what we have classed as common and repetitive spend across Wales.

[325] **Jocelyn Davies:** Is that right across Wales?

[326] **Ms Wilson:** Yes, absolutely. Professional and consultancy services is one of those categories, and the consultancy advice service will form the activity of that category, and will be led by the head of category.

[327] **Jocelyn Davies:** Back in, I think, December last year, the Minister launched the Wales procurement policy, and the idea of that is that the Welsh spend should maximise the benefits to Wales and go to our Wales-based suppliers—or encourage them, anyway, by giving them opportunities in order that they can win public contracts. How do you square that with the Welsh Government using the UK Government's framework contracts? We are 14 years into devolution and we are using UK Government framework contracts. Do you know how extensive the use of the UK Government's framework contracts by the Welsh Government is?

[328] **Ms Wilson:** We do use the Government procurement service and professional services frameworks, but we do our own individual procurements. Last year, as an average across all of the Government procurement services—not specifically professional and consultancy services—only about 11% of our total procurement activity was drawn from UK-wide frameworks; the rest of our procurement activity was conducted by us through tendering activity.

[329] **Jocelyn Davies:** I am going to sound like Mike Hedges, now. Is that 11% in terms of numbers or value?

[330] **Ms Wilson:** It is the number of tenders.

[331] **Jocelyn Davies:** Okay. What about the value, then?

[332] **Ms Wilson:** I do not have that figure; I can let you know it.

[333] **Jocelyn Davies:** For all I know, that 11% could be 90% of the value. I do not know. It could be that you have been going for larger things through that. So, perhaps you would let us know what the value is.

[334] **Ms Wilson:** Yes.

[335] **Jocelyn Davies:** What are the Government's funding arrangements for the two new services that you were telling us about?

[336] **Ms Wilson:** For the national procurement service?

[337] **Jocelyn Davies:** Yes, and the advisory service.

[338] **Ms Wilson:** The advisory service will be a function of the national procurement service, so it is wrapped up in the wider governance. As I mentioned, the Welsh Government will be the host for the national procurement service. It will be funded in its first three years through the Welsh Government invest-to-save fund. After that, from year 4 onwards, it will revert to the self-financing supply and rebate model, which is similar to how the Government procurement service frameworks operate.

[339] **Jocelyn Davies:** So, after the first three years, you expect to repay the invest-to-save money and to be self-financing.

[340] **Ms Wilson:** Yes.

[341] **Jocelyn Davies:** Okay. Thank you.

[342] **Ms Wilson:** Organisations across the public service were asked towards the end of last year to sign up to committing to use the service for an initial period of five years. Over 75 organisations have signed up and given that commitment, including all local authorities, all of the health service, the Welsh Government, and higher and further education. So, we have the critical mass, which supports the business case that was developed.

[343] You also asked about the governance. There will be a board for the national procurement service.

[344] **Jocelyn Davies:** Okay. Thanks.

[345] **Mike Hedges:** Do you think that the self-assessment toolkit described in the auditor general's report will be useful to public bodies in helping them to assess their strengths and weaknesses in the procurement and management of consultancy services? If so, will Value Wales promote it?

[346] **Mr Hearty:** I will start. I think it could be of value. There is a range of different toolkits that you can use. I think that it is a valuable one, but there are others of equal value and I think that part of the challenge for the national procurement service is to find an appropriate toolkit for Wales, to make sure that we get the right measures in place.

[347] **Jenny Rathbone:** Are you using it at the moment? It seems quite straightforward as a methodology.

[348] **Mr Hearty:** It is a straightforward methodology. The work that the WAO has done has helped to inform the usefulness of that particular tool. Do we use that methodology at the moment, Alison?

[349] **Ms Standfast:** There were a number of interviews in organisations that completed it for the Wales Audit Office to do its report, obviously. It certainly gives a good indication. In the coming year, we are going to be rolling out procurement fitness checks, which will look at the whole activity of procurement—this is building on the McClelland review. Consultancy is one area of spend, but they will also be looking at others, so they will be making reference to it within that, for sure.

[350] **Mr Hearty:** The important point to think about with regard to the procurement health checks is that they will be carried out by individual organisations, but Value Wales will have a role in assessing and in looking over the top, monitoring and looking at the big picture, so that that can drive future Welsh Government interventions to make sure that we are targeting the right activities in the right place.

[351] **Mike Hedges:** For one month in the 1990s, I was chair of the Welsh purchasing consortium. [*Laughter.*] There were huge advantages in local authorities getting together to undertake purchasing, and there were substantial savings across a whole range of services that were being purchased. Is there some advantage, because there might be a shortage of qualified procurement professionals in certain parts of the public sector, in having a larger Welsh purchasing consortium in which health and other public sector bodies can work with local authorities to get the benefits of having groups of people working together, and having people more skilled in procurement working together, building up a knowledge of procuring consultancies, if they are needed, in different areas, and also knowing what exists in different parts of the public sector?

11.30 a.m.

[352] **Ms Standfast:** Yes, of course there is, and that is the remit of the national procurement service; that is the point. The Welsh Government has now taken the decision to invest in creating exactly that vehicle to strengthen what is done now and, for the agreed category areas, of which consultancy is one, it will look at the spend across all of the sectors. So, it will draw its recruitment from the different sectors and it will work with what is out there. There will be a number of advantages, not just about going to the market together, but the whole understanding of what is needed and how it is organised and procured.

[353] **Mike Hedges:** I think that we are talking at cross-purposes; I was talking about groups of people working together on the procurement side, but your answer talked about looking at how they have done it. I am more interested in having them working together so that they can use the skills that exist in different parts in order to get the procurement right the first time, rather than looking back over it and saying, ‘Oh well, you should have done it in a different way’.

[354] **Ms Standfast:** The procurement will be carried out by the national procurement service staff.

[355] **Mike Hedges:** Fine.

[356] **Darren Millar:** May I clarify whether the self-assessment toolkit has been used to date in Wales in terms of procuring consultancy—management consultancy, et cetera?

[357] **Ms Wilson:** Not specifically, as far as I am aware. Within the Welsh Government, as part of the managing with less programme, we developed a template business case—it was a light-touch business case, as we did not want to create an industry—that anyone wishing to commission consultancy work would use as the basis for making their case for approval by the director general. I did a quick cross-reference with the template and the stages within the National Audit Office model, and they do reflect each other. So, while we do not currently use what is labelled as that model, the template that our divisions use to justify their case for consultancy use mirrors the stages within that.

[358] **Darren Millar:** It would be useful to see a comparative piece of information on that. One thing that the auditor general's report makes clear is that, had that toolkit been used, there would have been savings in excess of £23 million to the public purse, which is a lot of money. So, if you have a toolkit and it is being used, it would seem that it is less effective than the self-assessment toolkit that the auditor general has drawn our attention to. Therefore, we need to check that it is robust enough, or, at least, we would like to test that.

[359] **Ms Wilson:** It has been effective within the Welsh Government, but it has not been rolled out more widely across the public sector. It will be a very important role of the national procurement service and the consultancy advice service to make sure that that best practice is there, that it is robust and that it is adopted by all organisations.

[360] **Darren Millar:** We will be able to ask the auditor general and his team later on about the percentage of the savings that applies to the Welsh Government spend as compared to other things.

[361] **Mr Hearty:** To elaborate on the earlier answer, I was not being vague because we have some sort of aversion to using something that the National Audit Office has produced, it is just that we want the right one, going forward. I did not want to give the impression that we were going to use that one against anything else, in case we could think of something that was even better.

[362] **Darren Millar:** Of course. I understand.

[363] **Mohammad Asghar:** My question is on business cases, which, according to the auditor general's report, are very rarely used, and where they are used, they are variable and of very poor quality. That is not right. How is Value Wales encouraging the better use of business cases in planning and delivering consultancy projects across the public sector?

[364] **Ms Standfast:** The report reflects, with regard to the Welsh Government's approach and the control mechanism, that that justification and business case approach is there; that is what Kerry was referring to. In terms of best practice across the public sector, procurement is always trying to get in at the early stages. The creation of the business case is the point at which you start to think about what it is you are trying to do and why you are trying to do it. It is not a question of Value Wales going around saying, 'You must have a business case to carry out this procurement'. We tend to try to promote the profile of the procurement people, so that their skills grow, their influence within the organisation grows, and they understand how to influence what happens and how to get themselves into the decision-making, at which point they are able to influence that business-case decision. Our approach has been more around building the capacity, skills and ambition of the procurement functions within different organisations so that they understand how to add value.

[365] I could say that we promote a template, but that is not the whole answer—it is more about getting the procurement functions out of the back room and into the boardroom, as the quote goes, and getting them to have a proper influence. That is where we have put more of

our efforts.

[366] **Mohammad Asghar:** Does Value Wales monitor the performance of public bodies in procuring and managing consultancy services?

[367] **Ms Standfast:** Not specifically. A lot of the monitoring aspect of what happens sits with the Wales Audit Office and the audit functions. Our role is very much to try to drive improvement. The Minister has issued a Wales procurement policy statement. We are looking at increasing our monitoring role. That represents a slight shift in emphasis in terms of our remit, which has been very much about building capacity and encouragement, rather than acting as a checkpoint and asking, 'Have you done this, this and this?' We are starting to move more into that whole aspect of reporting and monitoring. So, we will see changes within that remit.

[368] I do not wish to keep saying that a national procurement service is the answer to everything, but it is quite important because through that, for the categories that it manages, we will be collectively building up a much better understanding of what is being done. Therefore, we will be able to monitor what is being done through the national procurement service, through good practice, and which elements of expenditure are not going through there that probably should be. That will also enhance our understanding of what is happening.

[369] **Jocelyn Davies:** You have just put it on the record that you think that the technical director of procurement is the job of the auditor general.

[370] **Ms Standfast:** The remit of Value Wales is to seek to improve procurement practice across the public sector, and to improve the outcomes that we secure from the money that we spend. I was suggesting that we do not carry out detailed monitoring of independent activities. We undertake a certain amount of monitoring in terms of the adoption of our policies and the adoption of best practice. The question very specifically asked whether I was set up to look at exactly how people are carrying out consultancy expenditure at the moment. I was suggesting that it was more of a top-level activity and then in terms of the detail of looking at how that is done, there are other mechanisms that do that.

[371] **Jocelyn Davies:** Were you surprised that 20% of the contracts examined were let through single-tender action? It is in paragraph 3.40 of the auditor general's report.

[372] **Darren Millar:** I might also draw your attention to the fact that of the 93 projects reviewed, only 17 of them had a formal business case or any financial justification, even if they were not single-tender contracts. You seem to suggest that there is no problem with any financial justification or business plans for the procurement of consultancy services within the Welsh Government. However, those figures would indicate that not everything has justification.

[373] **Ms Standfast:** I do not believe that those figures were specifically talking about the Welsh Government.

[374] **Darren Millar:** No, but I suspect of the 93, if you take away the 17, a significant number of the remaining lot would be within the Welsh Government, would they not?

[375] **Mike Hedges:** At least one of them would be.

[376] **Ms Standfast:** In terms of the point about whether we were surprised at the figures regarding the single-tender actions, no, we were not; consultancy is one of the areas that tend to have a higher proportion of departure requests than others. It can be an area where people make a justification for a particular specialist, or where they seek a justification for extending

an existing piece of work because of the benefits that are correlated together. So, I would not be surprised at that.

[377] I do not have access to the individual data, but the control mechanisms that the Welsh Government has in place for looking for a business case and justification mean that they are signed off by directors general. There are quite strong control mechanisms in place, so I would be surprised if the business case aspect and the controls were not properly dealt with within the Welsh Government.

[378] **Darren Millar:** So, you would be reasonably confident that 100% of the consultancy services procured would have a business case or a financial justification behind them from the Welsh Government point of view, from your procurement point of view.

[379] **Mr Hearty:** The point on the single tender—

[380] **Darren Millar:** That is slightly separate. We will deal with that in a second. On this issue of a business case or financial justification attached to a purchasing request for consultancy, are you confident that, in 100% of cases, the Welsh Government would have one of those attached to every request?

[381] **Ms Standfast:** Somebody would be foolish to say 100%, but I am confident that it broadly happens. I would not make a comment on the quality of the business case, but certainly we have procedures in place that seek that justification and the testing of that has not revealed it to be an area where we have concerns. We have more concern over looking back into the reasons for some of the departures. I would probably look there more than at the business cases.

[382] **Mr Hearty:** The point is that the guidance that we have in place for consultancy spending requires director general sign-off. The guidance says that people should have business cases and the director general is the additional accounting officer. He needs to assure himself that he has sufficient evidence in front of him to suggest that, when he is signing off for some consultancy spend, the right controls, the right value-for-money case and so on are in front of him.

[383] **Darren Millar:** Mike wants to come in. I will come back to you, Jocelyn.

[384] **Mike Hedges:** When we talked to the NHS representatives earlier, they told us that they had a £5,000 de minimis level, below which they did not need a business case et cetera. Do you run the same thing?

[385] **Ms Wilson:** Yes.

[386] **Mike Hedges:** So, there is no reason why I could not, if I was in charge, give a £4,000 contract out to person X for the start of it and then extend that, because they have already done the first part of it, to a £1 million contract later on. They have done the first part, so it is a contract extension. They have done the £4,000 contract under the de minimis, and then I could extend it to a contract of much larger value. I have seen this done in other places. I actually brought it to a halt in one place, where a company tendered for a very small job—well, they did not even tender for it—and then it was said, ‘They have done it now, these are the people with the skills to do it, so they are the people to carry on’.

[387] **Darren Millar:** What safeguards are in place for that sort of scenario?

[388] **Ms Wilson:** Our finance system would not allow that to happen. When a piece of work is commissioned and a purchase order is raised, a value or a contract is established. A

value is assigned to that and that would match either to the value of the piece of work being commissioned, if it is of a lower value, or, if it is a contract that has been awarded, to the value of the contract over the term that it has been awarded. Using your example, if the purchase order for £4,999 was paid and then somebody tried to extend that by any amount or just put another one through, the system would not allow it. If it was then a case of somebody saying, 'I need to make a justification for continuing to work with that person', then it would fall into the departure process, which would potentially result in a single-tender action. That has very strict controls around it as well, which need sign-off by procurement, by legal services and by the head of the corporate governance unit. So, it cannot slip through. I can understand how it could have done in the past, but the controls that we have within the SAP system block that from happening.

[389] **Mike Hedges:** I have heard from a lot of people this morning that there are tens of thousands of these contracts, and a lot of them are going to the same people. How would you pick up that I have given contract 1 for £4,000 to company A and now want to give a continuation of that contract to company A for another £4,000 and do that a number of times? How would you distinguish that from me trying to give a contract for a different thing to company A?

[390] **Ms Wilson:** That would be a different piece of work that had been commissioned. If someone was trying to circumvent the guidelines or the system, then the approvals process would pick that up. They would not be able to continually add value to an original purchase order by extending it. We work with the divisions across Welsh Government, providing them with management reporting and—

11.45 a.m.

[391] **Darren Millar:** The fundamental point that is being made is that you could continue to raise purchase orders for a value of less than £5,000, or you could give competitive advantage to a particular firm of consultants by raising an initial small purchase order under the threshold and then it has an advantage in being able to secure a single-tender contract, because it had already been introduced to the organisation and started work on a particular project. There would still be purchase orders that match up against both of those situations, would there not?

[392] **Ms Wilson:** There would, but £5,000 is quite a low level for spend on consultancy. I do not know the answer, to be perfectly honest, but I am confident that the controls that would be in place would pick that up, and through discussing the information that we are able to access. We talk to our departments on a quarterly basis. We review the number of orders that they have processed, the contracts that they have awarded and their common suppliers; that sort of thing. If that type of trend was happening, it would emerge through that reporting and we could pick it up and identify it that way. It should not happen, but if it were happening, we would be able to pick it up through our regular discussions on the reporting with the divisions and what they tell us.

[393] **Jocelyn Davies:** So, you would not have, say, a civil servant setting up their own consultancy, as an expert in their field, as they might well be, and their pals who are left in the civil service giving them lots of £5,000 contracts over and over again? Would you spot that pattern if it were happening?

[394] **Ms Wilson:** If there was such a pattern happening, we would pick it up through reporting, but in relation to civil servants who have left the organisation—we have recently been through quite a big voluntary exit scheme—there are guidelines in place, which state that, for a period of time after they have left, they are not able to contract to work for us.

[395] **Jocelyn Davies:** Under a voluntary scheme, people who are highly skilled might leave.

[396] **Ms Wilson:** Yes. Part of the control mechanism for making a case for a consultancy service is identifying whether that individual has any interest or conflict of interest with the Welsh Government, or the officials who are commissioning that piece of work.

[397] **Darren Millar:** Just for the avoidance of doubt, in terms of the guidance that is issued on procuring management or consultancy services, it is quite clear that that sort of practice is not to happen—that is, giving a beachhead into a much bigger contract by awarding a smaller contract under the purchasing threshold.

[398] **Ms Wilson:** Yes.

[399] **Mohammad Asghar:** I have a direct question, Chair. Procurement is an area in which huge savings can be made. If the wrong person is involved—manufacturers normally give commission to whomever sells their commodities, and there is a heck of a lot of competition happening with various medical equipment. Commission can be in millions of pounds. Do those millions of pounds-worth of procurement go towards NHS benefits or consultant benefits? My point is that the NHS could make a heck of a lot of savings there, because everything in the NHS is contracted out and bought from big suppliers; and a lot of them. They have their own workers, agents, commissioners or consultants. How can the NHS benefit from that?

[400] **Darren Millar:** Your question, as I understand it, Oscar, is that if, for example, the NHS, the Welsh Government or anybody else in the public sector wants to take advice from an energy consultant, and that energy consultant makes a recommendation to go with a particular supplier, is that recommendation being made on the basis of a financial reward for passing on the business by the consultant, rather than because it is the best solution for the NHS, or whichever part of the public sector body? What sort of safeguards do we have to make sure that the practices are above board and not influenced by financial reward for people?

[401] **Mr Hearty:** The framework that we have in place around letting consultancies requires the initial [*Inaudible.*] the director general to sign off these sorts of contracts. I suspect that if there is financial advantage to be gained on the scale to which you refer, that scale of business case would have a huge profile within a directorate-general and would probably require ministerial sign-off. The transparency of the nature of the deal and the finances would be one of the key considerations in determining whether to let the contract or not.

[402] **Ms Standfast:** If I may just add to that, because I think you were talking particularly in the NHS context, this is really where competitive tendering can help. The scenario that you are painting is really around clinician choice where they are influenced by people with a vested interest. That is how it came over to me.

[403] **Mohammad Asghar:** Sometimes, the money goes abroad rather than staying in this country.

[404] **Ms Standfast:** An example of where competitive tendering has really helped with that is that we have brought together, on community equipment, clinicians from local government and the NHS to choose products independently. We limited choice and therefore ended up saying, 'You will have a choice of only two types of hoist and only two types of commode in this case'. You have then done away with that preferential choice based on sales and marketing techniques and are therefore making a choice based purely on the product. So,

I think that it is to do with the procurement strategy.

[405] **Darren Millar:** I will now call on Mike, and then Jenny.

[406] **Mike Hedges:** You could say that it is based not only on procurement, but on quality. I have procured a lot of ICT equipment and software and, sometimes, there is one that is pre-eminent. I am just making a statement rather than asking a question. However, have you evaluated the extent to which the Welsh Government's solutions pool has reduced the need for the Welsh Government to purchase consultancy services?

[407] **Ms Standfast:** That is part of the basis upon which some of the 'Managing for Less' savings have been made in terms of that 19% reduction. Some part of that is linked to greater use of solutions, but I could not give you a specific figure.

[408] **Mike Hedges:** I am guessing, from that answer, that I will ask for another 'yes' now. Do you think that it could benefit from spreading out into other parts of the public sector?

[409] **Ms Standfast:** Do you mean the approach?

[410] **Mike Hedges:** Yes.

[411] **Ms Standfast:** Yes, we do think that. We hope that some of the mechanisms, through the national procurement service, will start to put that point. As previously mentioned, we have to make sure that we make the right use of the right skills across the public sector and find mechanisms to do that.

[412] **Mike Hedges:** Thank you.

[413] **Jenny Rathbone:** The Wales Audit Office report highlights some pretty undesirable procurement practices fairly consistently across various public bodies, and, in particular, those that contravene EU legislation. I want to understand why Value Wales has not been able to prevent or shift the culture and behaviour within these public bodies. Is it because you have not had the teeth or because your remit has only been to give top-level advice and audit? Perhaps you could tell us that so that we can understand whether the national procurement service is going to get it together.

[414] **Ms Standfast:** I think that our view would be that procurement practices are a lot better now than they were perhaps 10 years ago. I will just lead with that. The key issue for having the right procurement practices is a degree of control that an organisation has over what it does. That is not in my gift. We can say how it should be done, we can start to assess whether people are following that, and we can highlight issues. As we already know, through McClelland, we have a fair idea of which organisations we want to target in order to grow that capacity and control. Procurement decisions, ultimately, are decisions for each individual organisation. I do not have the powers—and never would have—to say, 'That is what you need to do and that is what you should buy'. However, through many of the things that we are doing, we are trying to have a much stronger influence and use what we have to change behaviours, which is the point that Michael was making earlier.

[415] **Jenny Rathbone:** Okay. There is one issue highlighted in the audit office report where I would expect the Welsh Government to want to have considerable control, which is over the way in which consultants are used to advise on how to invest the many millions of pounds of surplus funds in local authorities—treasury management. I am thinking of the collapse of Icelandic banks and the way in which local government was caught out by what seemed to be too good to be true, and which turned out to be exactly that. You may not be responsible, but the Welsh Government must have a huge interest in ensuring that that sort of

thing does not happen again. What, if anything, has been done to tighten up who is advising on treasury management?

[416] **Mr Hearty:** The first thing to say, after taking the example of the Icelandic banks, is that local government generally had quite a significant wake-up call about just how they hand off that risk in those circumstances. The position of the section 151 officer in local government, which is effectively the director of finance, was strengthened as a consequence of that experience. The locus for Welsh Government and local government is through the WLGA and the Minister for local government, and at the time of the Icelandic crisis, they were very closely involved with how local authorities managed that process. At the same time, the public service leadership group is a collective group across the public sector in Wales, which should be starting to focus on how we can get better transparency around the relationship between all areas of the public sector in Wales. Where we feel that there are areas we can improve, through the national programme for procurement, we would expect that sort of engagement to be targeted at the quality of contracts for consultancy that we let. Is there a specific strand of work focusing on those things? Unless Alison knows differently, I do not think that we are looking at that in particular. However, it is clearly something that we would have to think about going forward.

[417] **Jenny Rathbone:** The Icelandic banks collapse obviously highlighted a particularly acute risk, which I assume has now been tightened up, but there may be other things. When the Wales Audit Office looked at a couple of health boards, 80% of the contracts were not compliant either with the Welsh Government's procurement policy or, in some cases, with EU rules. There must be risks here for Wales from not even adhering to EU procurement policies. So, why has Value Wales not been able to close that one down?

[418] **Darren Millar:** You mentioned earlier, Alison, that perhaps there is a greater need sometimes for a single-tender contract to be awarded with consultancy and management-type fees and roles than in other areas of expenditure, and that that partly explains why there is a departure sometimes from what would usually be the procurement practice. Can you give us a little more information about why that might be the case and how we can minimise that in future in order to get the best value for money from spending? It is sort of tied in with this issue, is it not?

[419] **Ms Standfast:** It often comes down to the issue that is being addressed through the consultancy and how important that is. There are some issues that an organisation or a Minister may think is so important that getting them fixed as quickly as possible is almost like an overriding drive. An example of that, which you may not agree with, is that, last year, we had the Programme for International Student Assessment results and there was a need to respond very quickly to that. The Minister wanted to call in particular specialists, and you are then in that single departure, need-to-do-it quickly situation, versus 'Well, actually, we also need to look at what the options are'. What we mutually decided upon as an approach in that case was to separate the initial advice from the ongoing work, so the initial advice came in very quickly from the specialist, as was required through a departure request, but the bulk of the ongoing work was tendered in a way that was open to a range of suppliers to bid for competitively, so that we got the best of the market. Sometimes, it is about thinking about what is being done and trying to come up with a compliant and appropriate strategy that can balance those needs.

[420] **Darren Millar:** There is always a clear justification for those departures, is there?

[421] **Ms Standfast:** There is certainly within Welsh Government. Maybe, through some of the finance leadership network, some of that best practice can indeed be shared.

[422] **Mike Hedges:** Mr Hearty said that the section 151 officers' powers were

strengthened following the investment in Icelandic banks. Could Mr Hearty tell me of any local authority in Wales that invested in Icelandic banks, but not on the express recommendation of the section 151 officer?

12.00 p.m.

[423] **Mr Hearty:** I cannot answer that question.

[424] **Mike Hedges:** I can. There were none.

[425] **Jenny Rathbone:** The example that you gave, relating to the PISA results, does not have huge financial risks attached, even were we to appoint the wrong consultant. Nevertheless, what is in the report makes one anxious about large-scale building projects with huge financial implications, which may or may not be being procured with appropriate attention to the financial commitments that are being entered into. How are you going to reassure us that the national procurement service is going to close down practices that are against Welsh Government policy and are, in some cases, against EU procurement rules?

[426] **Ms Standfast:** I would be foolish to give a blanket assurance that that is going to happen. It will put a spotlight on performance to a greater extent, and that will help in the drive towards eliminating bad practice. It would be unreasonable to say that it will fully eliminate this. A lot of this is to do with the responsibility that an organisation has to run itself properly.

[427] **Jenny Rathbone:** Okay, but as far as you understand, a national procurement service will have the controls that you have not been able to implement.

[428] **Ms Standfast:** It will have the resources to look at the issues. It will have the governance to stand behind it. It will therefore be able to put a spotlight on behaviour and practice in a way that we do not do now.

[429] **Mr Hearty:** I would like to add something to that. It will have a specific focus, in a way that perhaps Value Wales does not have at the moment. Value Wales is strategic, in terms of engagement. The national procurement service will be involved in the detail of contracts, perhaps beyond what is currently the case with the opportunities that exist to do that at the moment.

[430] **Jenny Rathbone:** In your view, has Value Wales done as much as it needs to in order to highlight these issues with those who are ultimately responsible in public bodies—that is, those who are on the boards of health bodies and councillors in local authorities? I am referring to the people who are ultimately responsible.

[431] **Ms Standfast:** We can always do more. One of our ongoing challenges is to make procurement relevant and bring it to people's attention, so that it is given proper attention by the types of people to which you refer. I would not suggest that we have done everything that we can, but I would say that this is something that we recognise as being important.

[432] **Jenny Rathbone:** What has Value Wales, or indeed the Welsh Government overall, done to break the culture of awarding contracts based on 'who you know' rather than 'what you know', in order to widen the opportunities for Welsh SMEs to have a chance of winning contracts?

[433] **Ms Standfast:** I am just trying to think of the best way to answer this. There is always going to be a drive for that. A lot of the time, particularly at the chief executive level, there is a big issue that needs to be fixed, and the chief executive knows someone who can

help, and they are trying to find a way to do that. So, you are never going to get away from that situation entirely. However, it is important that this does not cut off quite an important work stream and does not stop us from helping to develop our local economy and our local and smaller suppliers. There is a range of activity to try to change some of that. One example would be something that we have done within the Welsh Government. We sometimes ask all bidders to talk about how they are going to work with a Welsh university to deliver something. We say that we are encouraging them to do that, and that they will get extra marks if they can show that. This is where we start to look into the supply chain, which is linked to the community benefits policy. It is the type of approach where you can look at the impact within the spend. Another opportunity would be the fact that we are looking at how you go to market. It is about going in in a way that makes it more possible for smaller suppliers to present ideas. Some of the work on the small business research initiative would be an example of that.

[434] **Darren Millar:** The final question will be asked by Jocelyn Davies.

[435] **Jocelyn Davies:** What are you going to do to roll out contract management training across the public sector?

[436] **Ms Wilson:** The current contract management offering is available, over and above the numbers quoted in the report: an additional 46 officers have gone through that training up until the end of last December. We deliver a lower-level procurement awareness programme to internal Welsh Government staff. The procurement fitness health checks that were mentioned earlier, which will be undertaken across organisations across Wales in the coming year, will result in the identification of an improvement plan, which will cover skills and capacity. That means that once we have the improvement plans, the role then is to match the needs identified in the improvement plan with the training that is available to fill those gaps and satisfy those needs.

[437] **Darren Millar:** Is that training compulsory at the moment?

[438] **Ms Wilson:** It is not compulsory, no.

[439] **Darren Millar:** Is that something that you would like to see in order to drive a bit more consistency and quality?

[440] **Ms Wilson:** I think that it would be helpful. I would like to see a stronger definition of what skills are required for a role that undertakes procurement. We have to recognise that in a lot of instances, procurement will not be the whole of somebody's job. Obviously, there are a number of those roles, but in a lot of instances, particularly where organisations have devolved procurement activity, somebody is doing it as a bit of their day job. So, we need to be careful to be proportionate as to the amount of training that they realistically need. However, contract management is a particular requirement, because, often, you will find that the procurement of something is done by somebody with a qualification or with experience, but then the contract management is handed over to an official who is dealing with that particular thing on a day-to-day basis but who will not have been involved in the procurement. Contract management training is particularly important.

[441] **Mr Hearty:** Certainly, in the Welsh Government, our direction of travel is to focus on the post, the skills for that post and to make sure that whoever is in that post understands the training that they need to do that job well. Then, it is a role for the line manager to give them that training and to make sure that they complete it and that they can deliver the job.

[442] **Darren Millar:** Okay. That brings us to the end of this evidence session. Thank you very much, Michael Hearty, Kerry Wilson and Alison Standfast. We appreciate the evidence

that you have given us. You will get a copy of the transcript of the proceedings, and if there are any factual errors in that, please contact the clerks to correct them.

[443] We have a number of items that you said that you would follow-up on. The clerk will drop you a note of those to remind you. We look forward to meeting again at some point in the future.

12.07 p.m

Papurau i'w Nodi
Papers to Note

[444] **Darren Millar:** The papers, which are our minutes, are noted.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod**
**Motion under Standing Order No. 17.42 to Resolve to Exclude the Public
from the Meeting**

[445] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[446] I see that there are no objections.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 12.08 p.m.
The public part of the meeting ended at 12.08 p.m.