

**Mark Drakeford AC/AM**  
**Ysgrifennydd y Cabinet dros Gyllid**  
**Cabinet Secretary for Finance**



ELGC(5) –31 –18 Paper 3

Llywodraeth Cymru  
Welsh Government

John Griffiths, AM  
Chair of the Equalities, Local Government  
and Communities Committee  
National Assembly for Wales

5 November 2018

*Dear John,*

The Cabinet Secretary for Economy and Transport wrote to you last month in response to your letter of 17 August regarding the report about "Making the economy work for people on low incomes in Wales". In his response, the Cabinet Secretary advised I would provide further details in respect of the report's recommendations relating to procurement (recommendations 14-16 refer).

The review of procurement was initiated to clarify stakeholders' priorities which would help inform organisational proposals to support the Welsh public sector to maximise the value of its annual £6bn procurement expenditure. Procurement has a very important role to play in safeguarding Wales' future after the UK departs the EU.

I issued a statement on 5 September to announce the conclusion of the review of procurement on 5 September. The statement set out that, to respond to stakeholder feedback, the National Procurement Service (NPS) would be scaled back to focus on a smaller portfolio of national contracts. In addition, I announced that a national policy development and delivery unit would support public bodies to develop their capability to better use procurement to deliver regional and local wellbeing priorities.

Officials are progressing plans to transition the NPS into a smaller operation. The policy development unit will work in collaboration with stakeholders to develop a new vision and strategy for procurement which will focus on delivery of national, regional and local priorities.

Development of this new strategy will establish the basis on which the future procurement fitness check (PFC) and skills development programme will operate. Stakeholders were positive through the review that a new PFC and skills programme will be fundamental to driving up capability to deploy innovative approaches which deliver widest benefit from procurement. The Code of Practice on Ethical Employment in Supply Chains and the Community Benefits policy will continue to be central to our approaches to driving social and economic wellbeing from procurement. Businesses seeking to engage in public procurement should be required to deliver against both of these important initiatives and the

future PFC and skills programme will explore how deployment of these approaches can be achieved to best effect.

In the meantime, there continues to be focus on driving up adoption of the Code of Practice on Ethical Employment, Community Benefits policy and the Sustainability Risk Assessment (SRA).

We have supported 127 organisations to sign up to the Code, including the Welsh Government, Higher Education sector, the four Police Forces and eleven local authorities. Work is in hand in collaboration with our social partners to increase sign up to the Code across Wales. Using the Wales Mutual Invest Model we will deliver significant new projects for Wales. This investment will be used to secure job and training opportunities and drive ethical employment practices and fair payment through our supply chains, bringing real benefit for people and businesses across Wales.

Innovative use of public sector procurement can make a difference in some of the poorest communities in Wales. Important resources such as the Community Benefits policy and the SRA support public bodies to identify opportunities for embedding and measuring equality through procurement. Through the collaborative approach to developing a new vision and strategy for procurement, we will explore how we can further strengthen these approaches.

The new direction announced in my statement is focused on delivering more through procurement and supporting the growth of wealth across all parts of Wales. The recommendations from the Equalities, Local Government and Communities Committee report into "Making the Economy Work for People on Low Income" will help support the focus on delivering a better deal through procurement for people in all parts of Wales.

Best wishes,

Mark

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