

## Welsh Ministers' Business Scheme

### Department for Finance and Corporate Services

#### Second Annual Update report on implementation of Business Scheme

1 April 2014 to 31 March 2015

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### **Introduction**

The Department for Finance and Corporate Services incorporates a range of corporate functions including financial management, allocation, human resources and estates services.

This Annual Report describes how each team in the Department operates and has met their responsibilities in relation to the Business Scheme between April 2014 and March 2015.

The areas of responsibility covered are:

- The National Procurement Service;
- Value Wales;
- Knowledge and Analytical Services;
- Tax Devolution and Innovative Finance;
- Budget Allocation;
- Wales European Funding Office; and
- Translation Services.

### **National Procurement Service**

#### **Engagement**

The National Procurement Service (NPS) for Wales was launched by the Minister for Finance and Government Business in November 2013 to improve value for money for the Welsh tax payer, encourage growth in the Welsh supplier community and to buy collaboratively 'Once for Wales'. 73 Welsh public sector organisations have made a 5 year commitment to use the contracts and frameworks that will be provided by NPS.

Financial year 2014/15 was the first full year of operation, during which the NPS reported £7.9million in cash savings across the Welsh public sector. In the future, the NPS aims to deliver a 3% saving on all spend under its management through driving greater efficiency by employing intelligent procurement strategies.

During 2014/15, the NPS has embedded the principles of the Wales Procurement Policy Statement in all of it's work. These include identifying supply chain opportunities for Welsh businesses and focusing on lowering

barriers, particularly for smaller firms and third sector organisations, to compete for public sector contract opportunities. The NPS has adopted the Supplier Qualification Information Database (SQuID) to ensure a simplified approach to supplier selection and has provided early notice to suppliers to ensure that there is wide-scale awareness of new opportunities. Where possible, Prior Information Notices (PINs) were issued, in accordance with OJEU processes, between 3 and 6 months in advance of the commencement of procurements on Sell2Wales. The NPS has adopted the joint bidding guide and also includes core or non core Community Benefits in all of the contracts and frameworks it lets, endeavouring to ensure that as much is spent in Wales as possible to support retention of training opportunities and jobs.

The NPS now has a procurement pipeline in place of circa £1billion, which is published on the NPS website to make suppliers aware of up and coming opportunities. Throughout the year Welsh Government officials have worked closely with Business Wales to encourage and help Welsh businesses to tender for public sector opportunities by running a series of supplier events for NPS contracts. The events also enable suppliers to feed into the development of each NPS procurement strategy. In addition, the NPS collects Management Information so that the percentage of Small and Medium-sized Enterprises (SMEs) winning places on NPS frameworks and community benefits can be monitored.

The framework for Resource Efficiency Services was awarded by the NPS in July 2014. The Framework was developed to open opportunities for a spectrum of suppliers, ranging from niche micro businesses to global providers. Of the 72 suppliers who were successful, 46.5% were Welsh suppliers with 38.9% of these being Welsh SMEs. A further 12 SMEs are part of a consortia. A number of consortia bids were received utilising the Joint Bidding Guide developed by the Welsh Government.

NPS awarded the framework for General Building Materials in February 2015, with a value of over £11m per annum. Over 60% of suppliers awarded a place on the framework were based in Wales and over 53% of these were SMEs. The remainder of the suppliers have depots located in Wales and will work with the NPS to deliver employment and training opportunities.

In February 2015, Sue Moffatt, Director, NPS, attended the Council for Economic Renewal Working Group to discuss the scope of the NPS and the Group requested that an update paper is produced for the Council for Economic Renewal to outline the progress made by the NPS in the first full year of operation.

All NPS procurement activity must comply with the new Public Procurement Directives which were implemented on 26 February 2015. The new rules strengthen the community benefits policy and make it easier for smaller suppliers and third sector firms to bid and increase access to public contracts.

In March 2015, Procurex Live took place in Wales for the first time as part of Procurement Week co-hosted by the NPS. The event brought together the procurement community to focus on the challenges faced within the Welsh

public sector. It provided both buyers and suppliers with a unique opportunity to collaborate, enhance their procurement knowledge and share good practice. Over 30 businesses occupied stands exhibiting their products and services. In addition, four supported businesses were in attendance and were provided stands free of charge.

In terms of wider sector engagement, the NPS has worked closely with the Welsh Local Government Association (WLGA), Wales Council for Voluntary Action (WCVA) and representative bodies, such as the Wales CBI and FSB.

### **Forthcoming activities**

In the forthcoming months, the NPS will:

- continue to embed the principles of the Wales Procurement Policy Statement into all the contracts and frameworks it lets and manages, increasing opportunities for SMEs to bid for NPS procurement opportunities and applying core or non core community benefits into its agreements;
- engage with the Wales Co-operative Centre to build on their capability and capacity, ensuring lessons are learnt and transferred into policy;
- continue to engage with CBI, FSB, CREW and other bodies;
- continue to work with Business Wales to ensure suppliers are aware of up and coming procurement opportunities;
- collect Management Information on contract awards to small businesses and community benefits, reporting to the NPS Delivery Group on a monthly basis; and
- plan for Procurex Wales 2016 and the involvement of businesses on the day.

## **Value Wales**

### **Consultation**

During this period social partners were invited to comment and input into the refresh of the Wales Procurement Policy Statement (WPPS). Two years on from its original launch, the Policy Statement was refreshed to take account of the impact of the new EU directives, in force in Wales through the Public Contract Regulations 2015 (PCR 2015).

Consultation was undertaken via Commerce Cymru, with Value Wales keen to garner the views of businesses in Wales. The refreshed WPPS was circulated amongst Commerce Cymru's procurement subgroup for comments. Feedback from social partners informed the final draft of the WPPS, which was launched by the Minister for Finance and Government Business 9<sup>th</sup> June 2015.

Value Wales continue to engage with the social partners on many procurement policy developments, for example:

- business representatives are members of the Construction Procurement Steering Group which is convened to agree procurement policy

approaches for application within public sector construction procurement. During this period this has included the development of Project Bank Account approaches;

- social partners were consulted on the development of guidance on Employment Practices on publicly funded projects and their feedback helped inform the final policy; and
- face to face meetings and events are also conducted. Most recently, Value Wales took part in workshops lead by Social Firms Wales on the opportunities for social care procurement and commissioning in the new EU directives.

In addition, Value Wales provided a grant funding contribution to Bangor University's Procurement Week 2015, affording access to business to a wide range of educational sessions and workshops on public procurement.

### **Forthcoming activities**

During the WPPS consultation with Commerce Cymru, supplier engagement and innovation was highlighted as a key area businesses were keen to see improved. Value Wales are responding with the development of a Supplier Feedback Service aimed at improving communication with business. The Service will be aimed at those suppliers already, or interested in becoming, engaged with public procurement in Wales. The service will be a portal for information sharing and provide business with an opportunity to raise issues. Value Wales are also developing guidance for public procurers to maximise the opportunities provided in the PCR 2015.

The new Regulations simplify the EU procurement rules to make public procurement faster and less costly. For the public sector, this means reduced timescales and more focus on getting the right supplier. For suppliers, bidding for public contracts will be quicker, less costly and less bureaucratic, enabling them to compete more effectively.

The Regulations are in line with existing Welsh Government policy and practice and will help strengthen adoption of the WPPS, providing a framework which will enable the delivery of good procurement outcomes. Key changes include the opportunity for better engagement and innovation through pre-procurement market consultation; the option to reserve contracts for sheltered workshops and providers where their workforce comprises at least 30% disadvantaged workers; and the introduction of a new light touch regime for social and health services, recognising the special characteristics of these areas.

## **Knowledge and Analytical Services**

### **Engagement**

An annual supplier event has been run for each of the last three years for those with an interest in tendering for Welsh Government social research contracts. The latest event was run on 4 June 2014, with 51 attendees. The

purpose of these events is to highlight any changes in the procurement process as well as the elements of the Knowledge and Analytical Services published annual plan that are likely to lead to commissioned pieces of research

### **Economic indicators**

During the past year, the Chief Economist and Chief Statistician consulted with a number of representative organisations for business in preparation for advice to Ministers on the data needed to assess the performance of the Welsh economy. This included the CBI, FSB, Engineering Employers Federation, Institute of Chartered Accountants in England and Wales (ICAEW); Chartered Institute of Marketing and the Council of Mortgage Lenders.

These meetings helped inform the final paper which led to the development of the 'Wales Economy: In Numbers' website, as well as informing plans around future research priorities.

A Welsh Government statistician also presented at a breakfast event for the Institute of Chartered Accountants in England and Wales.

### **Housing Information Group (ongoing)**

There is ongoing liaison with some social partners (Registered Social Landlords, Community Housing Cymru, Chartered Institute of Housing, Tai Pawb etc.) about evidence, research and statistical information relating to housing in Wales through the quarterly meetings of the Housing Information Group.

A consultation exercise was undertaken on proposed changes to homelessness data collections, following the introduction of the legislative changes of the Housing Act (Wales) 2014. As part of a pre-consultation exercise, discussions were undertaken with several other stakeholders, including Tai Pawb and Shelter Cymru.

Welsh Government housing statistics and data collection teams undertook a Housing New Build event to improve the quality of data. This event was attended by Local Authorities, several registered social landlords, including those who were subject to Local Authority stock transfers as well as landlords who held relatively small numbers of stock. Private approved inspectors such as NHBC also attended.

### **Forthcoming activities**

To improve engagement with users of statistics, KAS continues to have plans to develop user panels for various stakeholder groups, including a user panel for business.

During the next year we also plan to consult more widely on economic statistics and will engage fully with the business sector. This also needs to be put into the context of the recently announced independent review of

economic statistics commissioned by HM Treasury. KAS will involve the WSPU in evolving thinking.

## **Tax Devolution and Innovative Finance**

### **Engagement**

The Minister for Finance and Government Business has confirmed that supporting jobs and growth is a key principle of her approach to developing Welsh devolved taxes. The Minister has established a Tax Advisory Group, which includes three appointed external experts as well as representatives from the Institute for Chartered Accountants for England and Wales, the Law Society, CBI, FSB, and IoD. The Tax Advisory Group met three times in 2014/15.

The Minister also meets directly with business leaders on tax policy and legislation development. During 2014-15, this has included a breakfast meeting with the Institute of Directors, an invited meeting with CBI members in North Wales, and an event with the Law Society. The Minister has also chaired breakfast meetings with landfill tax professionals and professional bodies representing the industry (such as the Welsh Environmental Services Association) to invite views.

The Welsh Government Tax Forum includes wider stakeholder representation across a range of business and tax profession interests. Three meetings were held in 2014/15 covering a range of tax policy and legislation issues. The Minister chaired the North Wales Tax Forum meeting in November 2014.

The Welsh Government has also established Technical Experts Groups to enable detailed industry, tax practitioner and stakeholder contributions to developing policy on Land Transaction Tax and Landfill Disposals Tax.

The White Paper on devolved tax collection and management was published in September 2014, and closed in December 2014. Consultation documents on a Land Transaction Tax and a Landfill Disposals Tax were published in February 2015, and closed in May 2015. Throughout this period, Welsh Government officials have worked closely with professional bodies, industry representatives and key industry stakeholders to ensure that the proposals being developed are understood and considered appropriate to support jobs and growth in Wales. There is a strong voice and support from the business community on the Welsh Government's proposals on Welsh devolved taxes, and constructive ongoing discussion about future options across the range of areas.

Advancing the Government's commitment to Innovative Finance, the Minister made the keynote address at a major Financing Welsh Infrastructure event in March 2015. The event, which took place at the Celtic Manor, was organised by the public-private partnerships trade bulletin, *Partnerships Bulletin*. It was the largest such event that Partnerships Bulletin had arranged anywhere in

Europe, bringing together around 150 private sector delegates from the world of infrastructure investment to explore commercial opportunities in Wales.

During 2014-15, the Minister also approved the creation of a framework for the procurement of specialist financial, legal and insurance experts to support the delivery of the Government's Non-profit Distributing (NPD) investment pipeline. While the procurement of the framework is ongoing, there have been a significant number of expressions of interest from the private sector.

The Minister has maintained an increasingly important strategic dialogue with the European Investment Bank (EIB), as priority innovative finance schemes continue to develop. In parallel, the Minister has created a new Task and Finish Group for the European Fund for Strategic Investment (EFSI), to ensure that opportunities for securing project finance from the new EFSI instrument, and other EIB financing instruments, are properly examined.

### **Forthcoming activities**

The Ministerial Tax Advisory Group and Tax Forum meetings will continue to take place on a regular basis through 2015/16. Building on the strong existing stakeholder relationships around Land Transaction Tax and Landfill Disposals Tax, officials will continue to work closely with business and industry representatives to develop the detail of legislative proposals.

The Minister met Jonathan Taylor, Vice President of the EIB, in Luxembourg in July. The meeting explored further opportunities to attract project finance to Wales.

## **Budget Allocation**

### **Engagement**

#### **Budget Tour 2014 - 'Priorities and Prospects'**

The Minister for Finance and Government Business undertook her Budget Tour 2014: 'Priorities and Prospects for Wales' during Spring and Summer 2014.

The Minister met key stakeholders and partners in a series of regional budget events throughout Wales to discuss how the significant reductions to the Welsh budget over the current Spending Review period were impacting on the services we deliver to our citizens.

A key element of these discussions was the opportunity for the Minister to engage with representatives from the business community and private sector to discuss Welsh Government spending priorities and how to meet the financial challenges facing businesses across Wales.

In support of this objective, the Minister for Finance and Government Business met the Council for Economic Renewal on 2 June 2014. The

Council for Economic Renewal, formerly known as the Business Partnership Council, provides advice to help inform economic and business policies in Wales. The Minister's meeting with the Council provided a valuable opportunity to consult the business community on the issues that affect it.

This engagement with business - a key stated aim of the Budget Tour 2014 - underpins the Welsh Government's commitment to its priority of continuing to focus relentlessly on creating sustainable jobs and growth for the Welsh economy in the longer term.

### **Wales Infrastructure Investment Plan**

Since publication in May 2012, the Wales Infrastructure Investment Plan for Growth and Jobs (WIIP) has shaped our capital allocations and helped to deliver our priorities by ensuring we achieve the maximum benefits from our reducing capital budgets.

Engagement with private and public sector delivery partners and stakeholders has been a vital element of the success of the WIIP. The Welsh Government has continued to engage with a wide range of representatives from professional bodies and organisations. This collaboration is distinct to our approach to infrastructure investment in Wales.

The Minister for Finance and Government Business has undertaken a wide variety of engagements including:

- Policy Forum for Wales Conference Infrastructure in Wales;
- State of the Nation Report: Infrastructure 2014;
- Confederation of Business Industry (CBI) events;
- Financing Welsh Infrastructure;
- Regeneration Skills Collective Wales WIIP and Green Growth Seminar;
- individual meetings with key infrastructure delivery partners; and
- multiple business and community site visits to better understand how investments are impacting at a ground level.

The purpose of these events, and other engagements with businesses by Welsh Government officials, is to ensure the vast wealth of knowledge and expertise held by external stakeholders from across Wales is used effectively to inform the development and delivery of the WIIP.

This engagement has helped to set the direction of our infrastructure investment in Wales and contributes to the delivery of the WIIP, which has:

- strengthened our approach to the appraisal and prioritisation of resource allocation;
- targeted £1.2 billion of additional Welsh Government Capital funds to support our core investment priorities;
- developed innovative finance solutions, which are planned to boost levels of investment by £2.4 billion;
- standardised our approach to business assurance and scheme delivery across Welsh Government and wider public sector;
- delivered the community benefits policy to maximise employment and training opportunities across Wales; and

- developed and regularly published project pipeline updates to provide an ongoing picture of infrastructure investment across Wales.

### **Forthcoming activities**

#### **Welsh Government Budget Tour 2015**

The Welsh Government has scheduled a series of stakeholder engagement events during the course of the preparations for the Draft Budget 2016-17.

#### **WIIP**

Further engagement with business and private sector stakeholders will support the continuing development and operation of the Wales Infrastructure Investment Plan.

### **Wales European Funding Office**

#### **Engagement**

The 2014-20 European Structural and Investment Funds in Wales were developed in consultation with the business community, including trade unions, in recognition of their key role in delivering growth and jobs. This engagement continues through the Wales Programme Monitoring Committee - European Structural and Investment Funds 2014-2020 (PMC) which has seen the business community representation strengthened, compared to that of the 2007-13 programmes.

#### **Forthcoming activities**

Stakeholder and partnership engagement is a critical element in the delivery of the Structural Fund programmes and WEFO is working with partners across all sectors, including the two City Region Boards in South Wales and the North Wales Economic Ambition Board, to co-ordinate activity and deliver an integrated suite of key prioritised investments reflecting agreed regional economic strategies.

Stakeholder engagement is also a critical element in WEFO project selection criteria. Therefore, WEFO requires that all projects demonstrate comprehensive stakeholder engagement. As the 2014-2020 programmes move into the delivery phase, WEFO has worked with regional partnerships to build arrangements that facilitate the engagement of social partners with prospective projects, enabling them to review their alignment with regional priorities.

### **Translation Service**

#### **Framework agreement for translation and interpretation services**

The Sharing Welsh Translation Resources Project progressed the establishment of a Framework Agreement for Welsh translation and interpretation. The Framework became operational and available for use by public sector organisations from July 2014. Details of contractors on the framework were published in the following notice on Sell2Wales: [http://www.sell2wales.gov.uk/search/show/search\\_view.aspx?ID=JUL041603](http://www.sell2wales.gov.uk/search/show/search_view.aspx?ID=JUL041603)

Upon establishment of the Framework, framework management and monitoring transferred to the National Procurement Service, which is also establishing a framework management panel to oversee the framework management and monitoring process.

Figures collated to date by the Welsh Government Translation Service have highlighted considerable costs savings achieved by the Welsh Government in it's application of the Framework agreement. However, full financial year figures for all public sector users of the Framework will not be available until the end of March 2016.

### **Development of BydTermCymru website**

The Sharing Welsh Translation Resources project also progressed the redevelopment of the TermCymru database and website, resulting in the launch of a new BydTermCymru website of translation resources in July 2015. This development was planned to coincide with the decommissioning of the TermCymru server in July 2015, with a view to launching during the National Eisteddfod week. The launch of the website achieves another objective of the SWTR project, to share translation memories and terminology databases as a corpus of standardised materials for use by translators in their day-to-day work.

### **Translation studies qualification**

The Translation Service has continued to contribute to the Coleg Cymraeg Cenedlaethol's project to establish a new vocational qualification for translators during the course of the next academic year. Aberystwyth University will play a lead role in the establishment of the accredited qualification which is based on collaborative input by universities across Wales.