

PROCUREMENT STRATEGY 2017-20

SEPTEMBER 2018



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1. Introduction

Qualifications Wales recognises the impact that successful procurement can have on the effective and efficient delivery of its activities, as well as its wider impact upon the economy and communities in Wales.

In line with our aims, we are particularly aware of how our procurement activity impacts upon Welsh learners, qualifications and the qualifications system. We have set out to ensure that we are optimising value for money through procurement.

The procurement team is responsible for all procurement processes and systems. It has the power of veto over all procurement spend, reviews all procurement expenditure that is above £6,000 (including VAT), providing support with request for quotations, and conducts the tender process for all expenditure above £30,000 (including VAT). The team provides professional advice and guidance to all staff engaged in procurement activity.

During the financial year 2016-17, Qualifications Wales' influenceable expenditure was £1.1m across 214 suppliers.

We have the right, under the Qualifications Wales Act 2015, to restrict qualifications which may result in the commissioning of qualifications under the Concession Contracts Regulations 2016. In 2016-17 we awarded a concession agreement for Health and Social Care qualifications worth £11.2m over seven years.

In January 2016, our Management Board approved the Procurement Policy. The Policy sets out the principles by which we undertake procurement and commissioning activity so that we are fair, transparent and proportionate, whilst achieving value for money for the taxpayer. These principles give direction to the areas of work that form part of this strategy.

In developing this strategy, we have used the Welsh Government Procurement Maturity Model (PMM) to set out the framework by which we will measure the maturity of our procurement function.

The PMM helps organisations to improve their structure, capability, processes and performance by attaining the best standards that are appropriate to the scale and complexity of their business. The Model assesses capability in key areas against common criteria and standards that will allow us to identify where best practice already exists, where we can implement continuous improvements and efficiencies.

Our findings and focus areas that will support the development of our procurement maturity are set out in the Executive Summary. We also note here the challenges we may face. We have included a rating for each PMM attribute which highlights where we need to direct most resource to improve.

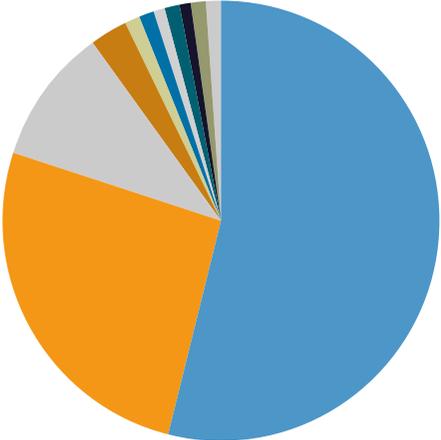
As well as the usual third party expenditure one expects to see in public sector organisations (such as ICT, legal services, office supplies and facilities), we also have requirements that are more specific to a qualifications regulator. This includes, for example, the commissioning of research relating to qualifications and the qualifications system.

We also spend a significant amount of our non-pay budget on subject expert advisors to assist with reviewing, developing, approving and monitoring qualifications at various stages of their life. The supply base for this requirement is diverse, and ranges from teachers fully employed in schools and colleges to self-employed educational consultants to companies offering these services.

This means we have a high volume of suppliers categorised as sole traders where the risk is higher in relation to continuity of supply and visibility of financial arrangements.

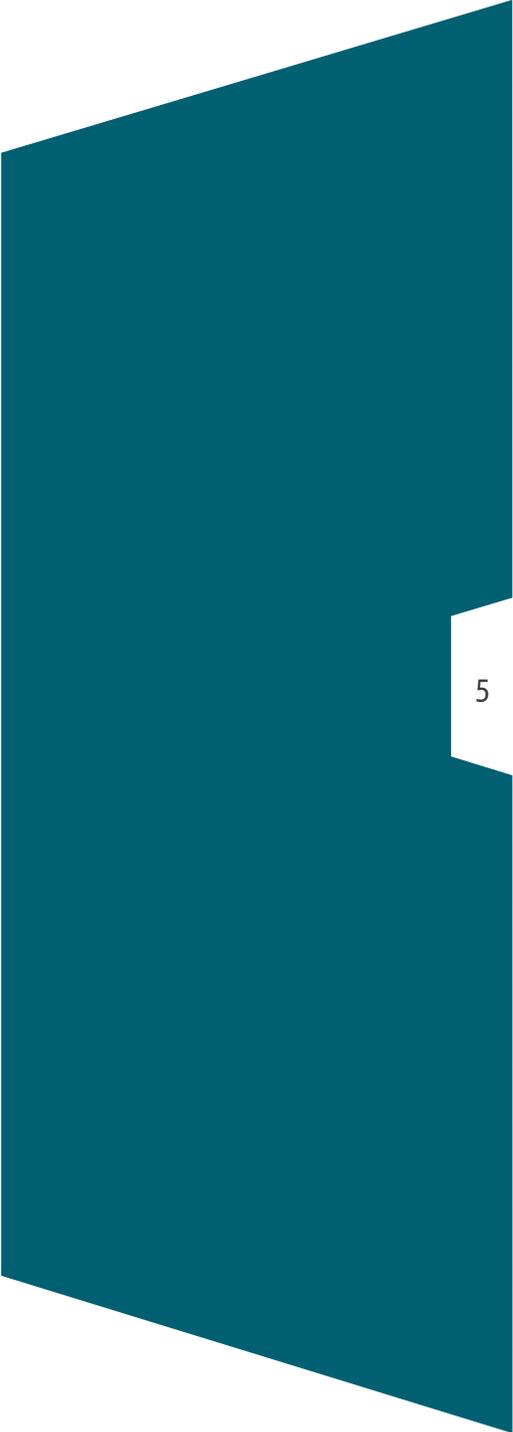
The table below shows the proportion of expenditure with different types of suppliers based on their legal form. Whilst the largest amount of spend is with limited companies (55%), the second highest is with sole traders (27%).

Supplier spend by organisation type 2016-17



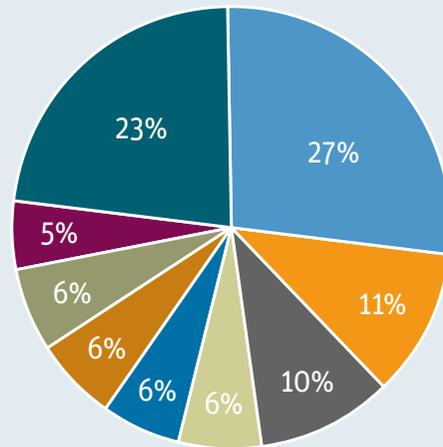
- Limit company
- Sole trader
- Limited liability PA
- Other public body
- PLC
- Ord buisness partner
- Local authority
- Charitable incasso
- Awarding body
- Overseas
- Central government body

It is important that the Procurement Strategy recognises the range of requirements that we have. This includes the relatively low individual value but business critical nature of some of our contracts, and the importance of engaging with a diverse supply base to ensure we obtain quality responses to invitations to tender and requests for quotations and award successful contracts. In particular, we need to support our diverse suppliers so that there are no barriers in bidding for work and performing against our contracts.



The table below shows a breakdown of our expenditure of £1.1m in 2016-17 that could be influenced by procurement. This excludes an annual expenditure of £180,000 on rent and rates.

Supplier spend by organisation type 2016-17



- ICT
- Subject expert
- Facilities
- Training
- Research
- Consultancy
- Legal
- Translations
- Other (less than 5%)

We have mapped our categories of third party expenditure in the supply positioning matrix below:

<p>LEVERAGE (high value, low risk) Business travel Broadband Consultancy various Facilities Management ICT Microsoft licences (including CRM)¹ ICT Hardware Internal audit services Legal services – commercial and employment Media advertising Subject expert services² Training Welsh translations</p>	<p>STRATEGIC (high value, high risk) Consultancy various Data collection (Ofqual) Health & Social Care Qualifications ICT – QiW database Legal services - regulatory Measuring Public Confidence Research³ Subject expert services</p>
<p>ROUTINE (low value, low risk) Banking service Catering Car hire Employee support services Insurance Mobile communications Multi function device rental Press cuttings Printing services Utilities Research*</p>	<p>BOTTLENECK (low value, high risk) Research Subject expert services ICT – CRM consultancy ICT – Finance and HR Software</p>

¹ ICT appears in more than one quadrant. Spend overall is high however the value and risk of individual contracts varies. See footnotes 2 & 3 for other similar categories.

² Subject expert services appear in more than one quadrant,

³ Research services appears in more than one quadrant.

The goods or services provided in 'Strategic' and 'Bottleneck' contribute to the main business aims. They have been considered high-risk due to the difficulties of securing a new supplier – either due to a limited supply base or the long-term nature of the services. Strategic categories have expenditure above £30,000 per annum. We have included some lower value contracts where these are important to the organisation.

We have no procurement expenditure on the concession contracts for health and social care. However, as the contract value and risk of these is high, they are strategic contracts.

We will update or develop commodity strategies for the 'Strategic', 'Bottleneck' and 'Leverage' areas based on the approach shown below:

<p>Leverage items</p> <ul style="list-style-type: none"> • Alternative sources of supply available • Substitution possible <p>Competitive bidding</p>	<p>Strategic items</p> <ul style="list-style-type: none"> • Critical for product's cost price • Dependence on supplier <p>Performance based partnership</p>
<p>Routine items</p> <ul style="list-style-type: none"> • Large product variety • High logistics complexity • Labour intensive <p>System contracting + E-commerce solutions</p>	<p>Bottleneck items</p> <p>Monopolistic market</p> <p>Large entry barriers</p> <p>Secure supply + search for alternatives</p>

2. Executive summary

This Procurement Strategy (the 'Strategy') sets out a clear framework for procurement activity in Qualifications Wales over three years, learning lessons from what has been delivered to date, so that the procurement team supports the organisation in achieving its objectives. As mentioned above, the PMM has been used as the framework for this work. We have linked each procurement policy principle to the PMM to demonstrate how we are delivering the policy.

The Strategy covers the focus areas and challenges for procurement for the three years starting 1 September 2017. Through reviewing activity and lessons learned to date, we have set out our areas of focus to deliver a responsive and high-quality procurement function.

We have taken account of the professional procurement resource available (two people) in planning our activity. We recognise that we need to allocate our resource effectively in order to deliver the organisation's priorities.

The following summarises our self-assessment rating and progress against the PMM:

Maturity score	0	1	2	3	4
Description	Non-conforming	Developing towards conforming	Conforming	Developing towards advanced	Advanced

Attribute	Maturity score	Description
Procurement leadership and governance	3	Developing towards advanced
Procurement strategy and objectives	2	Conforming
Defining the supply need	3	Developing towards advanced
Commodity / project strategies and collaborative procurement	3	Developing towards advanced
Contract and supplier management	2	Conforming
Key purchasing processes and systems	3	Developing towards advanced
People	2	Conforming
Performance management	1	Developing towards conforming
Overall score	3	Developing towards advanced

Having reviewed our activity in line with the our strategic priorities, the Corporate Capability Strategic Plan and the PMM, we have identified the following activities on which the procurement team will focus during the coming three years. These have been grouped under the focus areas identified in the Corporate Capability Strategic Plan:

- Enabling our regulatory work
- Making the most of our resources
- Maintaining and using professional procurement skills
- Effective and efficient governance of procurement activity and contract management
- Evaluation and continuous improvement

Focus areas

Focus area 1

Enabling our regulatory work

We want to support our regulatory work. We will do so by:

- reviewing our processes and procedures to ensure they are clear and meet the needs of those working with them;
- providing training and guidance to teams involved in regulatory work;
- contributing to discussions about how we should provide services in the future and options for delivering Qualifications Wales' aims;
- working with regulatory teams to plan ahead for work that requires procuring or commissioning;
- responding promptly to queries and seeking feedback on our contribution.

Focus area 2

Making the most of our resources

We aim to maximise value for money from our people and expenditure. We will:

- always consider the use of collaborative procurement arrangements where these offer benefits to Qualifications Wales;
- explore opportunities to lead on collaboration with other public bodies and provide procurement support where appropriate;
- continue to undertake research and engage with the market to establish the best sourcing approach and outcomes for high value / high risk procurements and to promote our opportunities so as to overcome the lack of interest challenge and to deliver SME policy;
- develop written category strategies for all high risk and / or high value commodity areas – priority areas are ICT and consultancy;
- evidence how we consider sustainable development at all stages of the procurement lifecycle;
- continue to manage our contracts to ensure they achieve expected performance.

Focus area 3

Maintaining and using professional procurement skills

We are responsible for a significant amount of public money spent on buying in goods, services and works and awarding high-value concession contracts for the development and delivery of restricted qualifications. So that our procurement professionals have the appropriate knowledge, commercial skills and understanding to manage this procurement activity the procurement team will:

- maintain staff membership of the Chartered Institute of Procurement and Supply (CIPS);
- undertake a minimum of 30 hours continuous professional development annually;
- keep up-to-date with any relevant changes in legislation;
- attend procurement networking events;
- attend internal briefings on other teams' work.

We will use our knowledge, skills and understanding to:

- support the commissioning of qualifications;
- support all competitive procurement activity.

Focus area 4

Effective and efficient governance of procurement activity and contract management

We recognise the importance of good governance of awarding and managing contracts. We have implemented systems and processes that:

- comply with legislation;
- are transparent, fair and proportionate;
- embed delegations and separate duties where there may be a conflict.

We will:

- keep under review our systems and processes to ensure compliance with best practice and relevant standards and legislation including the Equality Act 2010, the Bribery Act 2010 and the Modern Slavery Act 2015 paying due regard to the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language Standards 2011;
- communicate procurement and contract management systems and processes to staff to ensure that individuals involved in procurement and contract management have the required skills and knowledge.

Focus area 5

Evaluation and continuous improvement

We understand the importance of measuring our own performance and that of our suppliers to demonstrate value for money and identify areas for improvement.

We will:

- continue to develop our contract management system within our CRM to record contractors' performance against agreed measures;
- implement processes to secure regular feedback from internal teams and suppliers;
- undertake data analysis to support our category strategies;
- evidence savings or benchmarking of expenditure using an 'open book' approach where appropriate;
- report on performance to Management Board at least annually and to Board as requested.

Challenges

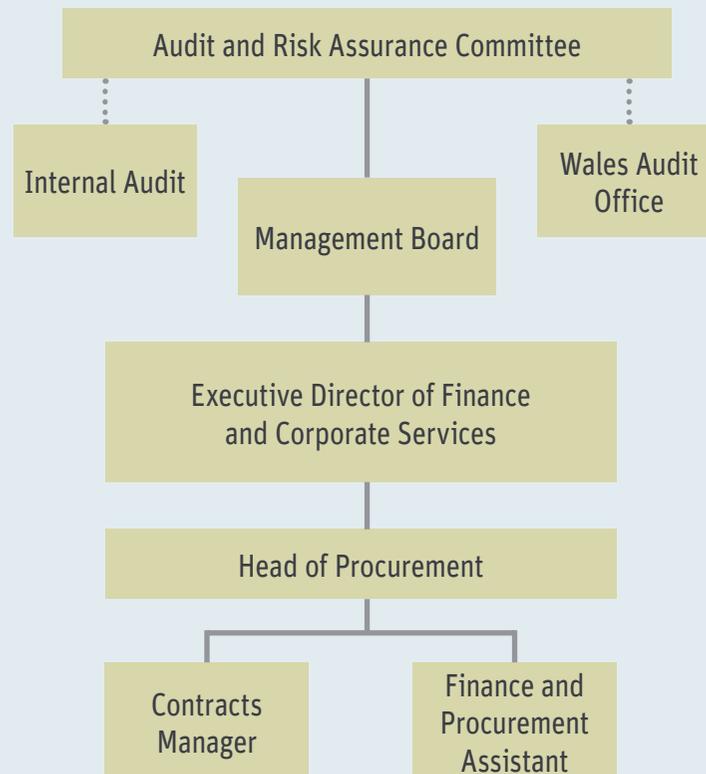
We are aware that, in delivering the focus areas we will meet the following challenges:

- Ensuring we can deliver planned procurement and commissioning activity with our resource whilst being responsive to changes in priorities and new demands;
- Lack of interest by suppliers in contract opportunities due to our relatively small contract values, which means that competition may be lacking or agreements may not deliver value for money;
- Reliance upon the engagement of other public bodies to progress the collaborative agenda;
- Implementing changes in legislation that may present a burden given our size and the nature of our work;
- Influencing Welsh Government procurement policy as a small Sponsored Body.

3. Procurement governance and legislation

Internally, procurement activity is overseen by Management Board and the Audit and Risk Assurance Committee. Our internal auditors and Wales Audit Office provide assurance of our procurement governance arrangements.

Our procurement activity is governed by the Public Contracts Regulations 2015. Where we choose to commission the development and delivery of restricted qualifications under a concession agreement then we are governed by the Concession Contracts Regulations 2016. These two laws implement the requirements of European Union procurement directives.



When purchasing goods, services and works, we are also asked to comply with the principles of the Welsh Government Procurement Policy Statement and are required to comply with wider legislation such as the Bribery Act 2010, the Equality Act 2010 and the Modern Slavery Act 2015. We also give due regard to the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language Standards 2011.

The Welsh Government has consulted on introducing legislation to mandate various procurement practices and is currently considering the options in light of feedback to the consultation and the UK's planned withdrawal from the European Union.

In September 2017, the Welsh Government published its national strategy 'Prosperity for All'. This document identifies four levers they intend to use to deliver prosperity: planning, investment in infrastructure, tax powers and procurement. The Welsh Government continues to highlight the value of public procurement as an activity that has the potential to support growth in Welsh based businesses.

4. Contributing to Qualifications Wales' aims, policies and operational plan

As a corporate function, the procurement function is responsible for ensuring compliance with relevant legislation and best practice whilst supporting our regulatory activities. Procurement staff also have a role to play in challenging the organisation to think how best we can maximise value for money where we are procuring goods and services and commissioning qualifications.

This section describes what the procurement function will do to support Qualifications Wales' strategic priorities.

Deliver the general qualifications aspects of our work

How will procurement support this priority?

- ✓ Providing procurement and contract management support relating to research and consultancy services;
- ✓ Procuring and managing subject expert services for approvals;
- ✓ Procuring consultancy services to provide assurance regarding the IT capability of our supplier of approved general qualifications.

Deliver the vocational qualifications aspects of our work

How will procurement support this priority?

- ✓ Managing the commissioning or selection process for the development and delivery of restricted vocational qualifications;
- ✓ Providing contract management support for concessions contracts;
- ✓ Procuring and managing subject expert services for sector reviews, content development and approvals;
- ✓ Procuring and managing consultancy services;
- ✓ Providing contract management support for the subject expert services contracts relating to monitoring of vocational qualifications.

Deliver the core regulatory aspects of our work

How will procurement support this priority?

- ✓ Procuring and providing contract management support for subject experts engaged in monitoring activity.
- ✓ Procuring and contract managing consultancy services.

Engage with and support the Welsh qualifications system

How will procurement support this priority?

- ✓ Providing contract management support for the contract measuring public confidence in qualifications and the qualifications system;
- ✓ Procuring and contract managing research services;
- ✓ Undertaking procurement related to communication or events.

Continue to develop our own corporate capabilities and capacity

How does procurement support this priority?

- ✓ Procuring and contract managing goods and services required by our corporate teams;
- ✓ Reviewing all procurement and contract management procedures and guidance to ensure that they are simple to understand and easy to follow;
- ✓ Providing training on procurement and contract management to relevant staff;

We believe that in delivering this strategy, we will achieve value for money for Welsh tax payers whilst progressing Welsh Government policy and furthering Qualifications Wales' principal aims for learners and the qualifications system in Wales.

5. Document control

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Q2 Building,
Pencarn Lane,
Imperial Park,
Newport NP10 8AR

☎ 01633 373 222



YouTube