



Nick Ramsay AM  
Chair  
Public Accounts Committee  
National Assembly for Wales

13 March 2019

Dear Chair

At the Public Accounts Committee meeting on 18th February, I agreed to write to you with further information regarding the creation and maintenance of the National Procurement Service (NPS).

In 2013, during the creation of NPS, it was expected that the development of the service would need to be supported in its initial years. Indeed, this was clear in the Business Case for the development of the NPS. As such, an Invest to Save Loan Fund of £5.92m was approved to set up the service covering three years, from 2013/14 to 2015/16.

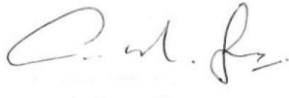
Although over time there has been a significant increase in income resulting from developing the pipeline of NPS frameworks, it was clear by 2016 that further central support would still be required to maintain the service in the medium term. Over the operational three years from 2016/17 to 2018/19, £5.1m of reserve funding has been approved, although these subventions have been reducing year on year as the income recovered by NPS has increased. The NPS is expected to achieve over £1.3m income in 2018/19, an increase of over 50% from the previous year.

These Welsh Government investments should not be considered in isolation; various components including some staff costs, ICT and facilities will continue into the next iteration of the NPS. Further, to put the investments in context, over the six years the NPS has been operating, it has secured a year on year increase in engagement from customer organisations and this financial year is expected to exceed the forecast spend against frameworks of £300m. Reported benefits to Welsh public services through these arrangements amounted to £18m in the last financial year alone, and of the 670 suppliers involved in NPS frameworks, nearly half are now based in Wales.

Parc Cathays/Cathays Park  
Caerdydd/Cardiff  
CF10 3NQ

Additionally, the intangible assets the service has gained through developing frameworks, building a skilled workforce and strengthening procurement networks across Wales, have provided a valuable platform for the future. Indeed, these factors will be essential in helping ensure the new service will be fit for purpose and sustainable in the longer term.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written in a cursive style.

**ANDREW SLADE**  
**Director General, Economy Skills and Natural Resources**