

Huw Vaughan Thomas  
Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

16 February 2017

Dear Mr Thomas

### **Arts Council of Wales – Procurement of Services**

The Culture, Welsh Language and Communications Committee took evidence from the Chief Executive of the Arts Council of Wales (ACW), Mr Nick Capaldi, at our meeting on 9 February.

The session was in response to concerns expressed by Arts and Business Cymru (ABC) about ACW's no longer providing core funding support as it moves to a public procurement model for funding in this area.

During the session, Mr Capaldi referred to the ACW being scrutinised very carefully by the Wales Audit Office which looks at the basis upon which the ACW makes decisions and expects them to follow guidelines. Since the meeting Mr Capaldi has provided further written background, which is attached.

This quotes from 'Managing Welsh Public Money' about public sector organisations securing value for money by acquiring services through fair and open competition. It also refers to the Wales Procurement Policy Statement, which requires the advertisement of all contracts over £25,000 on the Government website, Sell2Wales. There is also an extract from the Welsh Government's remit letter to the ACW, which mentions 'appropriately tendered contracts' for the sort of work ABC has traditionally carried out.

In the case of previous core funding to ABC, public funding of around £70,000 has apparently levered private sector investment in the Arts of around £1.4 million. Continuing core funding at this level would, therefore, seem to be a reasonable way of securing value for public money. It could also be argued that the procurement model puts this private sector investment at risk.



The Committee would be grateful for clarification on the WAO's view on this matter. In particular, whether WAO rules or guidance require the ACW to use competitive procurement rather than the grant system, to ensure the provision of services costing in excess of £25,000 such as those provided by ABC, or whether this is a matter at the discretion of the ACW.

Yours sincerely,

A handwritten signature in blue ink that reads "Bethan Jenkins". The script is cursive and fluid.

**Bethan Jenkins AM**

**Chair**

