



Llywodraeth Cymru
Welsh Government

PUBLICATION

Welsh Government response to 'Procuring well-being in Wales' recommendations

Welsh Government's response to the recommendations within the Future Generations Commissioner for Wales' 'Procuring well-being in Wales' report.

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Issue highlighted: Leadership

“ Welsh Government has failed to show clear joined up leadership on the role of procurement in delivering Wales’ national well-being goals (and public bodies well-being objectives). ”

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Recommendation to Welsh Government

1. Welsh Government should establish a Procurement Centre of Excellence for improving coordination, collaboration and providing practical support to public bodies in the exercise of their procurement functions, specifically in relation to the Act. Development of this Centre of Excellence would require a comprehensive review and reform of the existing procurement landscape (structures, networks, partnerships and initiatives) and be resourced to build capacity and support implementation.

Welsh Government response

Accepted in part with an Alternative course of action

The Commissioner has recommended a Procurement Centre of Excellence as a course of action to improve coordination, collaboration and providing practical support to public bodies in the exercise of their procurement functions, specifically in relation to the Act. Whilst we agree that these are the areas of improvement that need to be addressed, we need to undertake further activity to understand the problem in more detail and to identify the best solution which would bring key partners and stakeholders on board. We will therefore initiate a Discovery Exercise as an alternative course of action which will examine and test the suggestion of a Centre of Excellence, and the proposal for a Centre of Expertise recommended by the Expert Panel for the Foundational Economy. We have already been in discussion with your office and the Expert panel on the criteria for the Discovery Exercise. We will use the sustainable development principle to guide this work.

We have commissioned a separate Discovery exercise to look at our eProcurement tools and to provide an updated digital roadmap for the future. This Discovery will start at the end of June and a supplier has been appointed to work alongside the Centre for Digital Public Services.

Recommendation to Welsh Government

2. The new Programme for Government should clearly set out how Welsh Government will provide strategic leadership and commitment to supporting and achieving wider outcomes from procurement, using language that is consistent with the Act.

Welsh Government response

Alternative course of action

The Programme for Government is the exclusive preserve of the government and is based directly on the mandate it has received from the people of Wales. As such, it is not the appropriate vehicle for meeting this recommendation. The Well-being of Future Generations Act allows for choices in terms of how best to maximise our contribution towards the well-being goals through the setting of well-being objectives and these choices are reflected in our Programme for Government which was published on 15 June 2021.

The Welsh Government is committed to strong leadership on procurement. Rather than making specific commitments in the Programme for Government, we will continue to use the Wales Procurement Policy Statement to provide strategic leadership on procurement. The Statement has recently been revised and uses language which is consistent with the Act throughout. The 10 principles in the Statement are mapped directly to the Act.

Additionally, the proposed Social Partnership and Public Procurement (Wales) Bill will place a duty on public bodies to produce a procurement strategy and report on compliance, including giving due regard of the Wales Procurement Policy Statement, through a dedicated report produced each year.

Recommendation to Welsh Government

3. Welsh Government's new Procurement Policy Statement should clearly demonstrate how it will support public bodies to deliver the aspirations of the Act in public sector procurement in Wales. This Statement, along with progress to deliver the commitments, should be reviewed and reported annually.

Welsh Government response

Accepted

The revised Wales Procurement Policy Statement (WPPS) was published in March 2021 following consultation with stakeholders including the Commissioner's office.

Through a collaborative approach, Welsh Government will support the Welsh Public Sector to deliver policy areas through the identification and development of appropriate tools, guidance and training. We have committed to review and report on the implementation of the WPPS annually. This will be aligned with reporting duties including those in relation to the proposed Social Partnership and Public Procurement (Wales) Bill.

Recommendation to Welsh Government

4. Welsh Government should ensure all future national procurement frameworks align with, and contribute to, the 7 national well-being goals and apply the 5 ways of working set out in the Act.

Welsh Government response

Accepted

All future frameworks developed by the Welsh Government will align with, and contribute to, the 7 national well-being goals and apply the 5 ways of working set out in the Act. This will apply to all agreements that commence the procurement planning phase from July 1 2021 onward and will be captured in the procurement strategy for each agreement. The strategies will be subject to a peer review by a member of the Commercial Procurement Senior Leadership Team and then published on sell2wales.

Issue highlighted: Communication

“ There is poor communication and integration between different Welsh Government priorities, alongside lack of support available for public bodies to ensure these are implemented effectively on the ground. ”

Recommendation to Welsh Government

5. Welsh Government should review all guidance and toolkits that are currently in place to support sustainable procurement and measure/monitor community benefits and/or social value, and publish a clear plan outlining how these will be revised and consolidated to enable a consistent approach for public bodies to report on the well-being outcomes being achieved.

Welsh Government response

Accepted in part as Alternative course of action will be taken on the

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detailing the plan

Welsh Government has already started reviewing the Procurement Route Planner, Sustainable Risk Assessment toolkit, Social Value, TOMs, Community Benefits and associated WPPNs. One of the objectives for the draft Social Partnership and Public Procurement (Wales) Bill is to provide a consistent approach for public bodies on reporting of wellbeing outcomes. It will be necessary therefore to consolidate the supporting guidance.

The Digital Discovery phase will also influence the tools that may be available to support the delivery of this recommendation.

Recommendation to Welsh Government

6. In order to meet carbon emission targets every public body should set out clearly how they have considered the carbon impact of their procurement decisions and in the case of construction or infrastructure contracts should clearly require schemes to be net zero carbon over their lifetime.

Welsh Government response

Accepted

Principle 6 of the WPPS refers to the need to act to prevent climate change by prioritising carbon reduction and zero emissions through more responsible and sustainable procurement to deliver our ambition for a net zero public sector Wales by 2030. The proposed Social Partnership and Public Procurement (Wales) Bill will place a duty on public bodies to produce a procurement strategy and report compliance, including due regard of the WPPS, through annual reports. Welsh Government will continue to engage with the Welsh public sector to support them to deliver net zero carbon through the provision of guidance, e.g. a Decarbonisation Dashboard has already been developed.

Welsh Government already requires new non-domestic buildings that we support financially to meet the Building Research Establishment Environmental Assessment Method (BREEAM) environmental standard which includes energy standards that exceed building regulations in addition to other aspects of environmental performance.

Issue highlighted: Support

“ Opportunities for making spend work harder are being missed due to lack of support for the procurement profession and lack of accountability at a leadership level. ”

Recommendation to Welsh Government

7. The Procurement Centre of Excellence should review and reform structures for national accountability and establish an appropriate mechanism to scrutinise progress on implementation. Welsh Government should report annually on how overall national public spend is contributing to the national well-being goals.

Welsh Government response

Accepted in part

Welsh government agrees that there needs to be 'national accountability' and 'mechanism(s)' to scrutinise progress on implementation. Whether a Procurement Centre of Excellence is the most appropriate organisation to review this will be determined by the outcome from the Discovery exercise which we set out in our response to recommendation 1.

In addition, Welsh Public Sector organisations, including Welsh Government, will also report annually under the proposed Social Partnership and Public

Procurement (Wales) Bill on how public spend is contributing to the well-being goals.

Recommendation to Welsh Government

8. In addition, their annual report (on progress with the Act) should clearly set out how all of their own procurement spend, and grant spend, is contributing to meeting their well-being objectives, and in turn the 7 national well-being goals.

Welsh Government response

Alternative course of action

The statutory role of the Annual Report is to report on our progress towards our well-being objectives. Including the full details of procurement and grant spend in the Annual Report would distract from the main purpose of the report, which is to communicate how we are delivering our objectives to the people of Wales in a clear and concise way.

The proposed procurement duty under the Social Partnership and Public Procurement (Wales) Bill will require Welsh government to report on public procurement spend in Wales as well in an annual social responsible procurement report. This will deliver on the points raised by the Commissioner in the report in a way which is more appropriate overall and which will ensure that information is communicated to the public in a transparent and intuitive way.

Issue highlighted: Monitoring

“ There is no ongoing monitoring of procurement approaches or outcomes either for the purposes of spotting where things are going wrong, and opportunities are being missed, or for identifying and sharing best practice. ”

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Recommendation to Welsh Government

9. The Procurement Centre of Excellence should develop a mechanism or tool to assist public bodies to monitor and report consistently on the Act (possibly building on the work being done on social value and the new TOMS framework) demonstrating how their procurement spend is meeting the well-being goals and objectives.

Welsh Government response

Accepted in part

There is a need for mechanisms and/or tools to demonstrate how procurement spend is meeting well-being goals and objectives. This will be considered by the Discovery exercise that will look at the Procurement Centre of Excellence recommendation. Consideration will also be given to mechanisms / tools during the separate eProcurement tools Discovery.

Recommendation to Welsh Government

10. Welsh Government should monitor progress by public bodies in Wales. This must be reported within the annual reports on delivery of their well-being objectives for both Welsh Government in respect of the overall outcomes being delivered across Wales and by individual public bodies.

Welsh Government response

Alternative course of action

The Welsh Government's Annual Report focusses on its statutory duties under the Act. Our view is that focussing on overall progress towards the well-being

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objectives, rather than reporting on specific enablers such as procurement, is a more meaningful approach that will deliver a clearer picture for the public.

Including detail on all 43 public bodies subject to the Act within our Report would be unnecessary given that public bodies themselves have a duty to report on their own well-being objectives. Including the other 43 public bodies in our Annual Report would also dilute its focus away from its statutory purpose of communicating our own progress towards our well-being objectives.

Given that the proposed Social Partnership and Public Procurement (Wales) Bill will place a duty on public bodies to produce annual reports on their procurement progress linked to delivering objectives set against the well-being goals, and a duty on Welsh Government to summarise these in its own equivalent report on procurement, our belief is that these will cover off the points which underlie this recommendation in a more effective and appropriate way.

Recommendations for public bodies (including Welsh Government):

Issue highlighted: Opportunities missed

“ Opportunities to deliver on all 4 dimensions of well-being are not being maximised, often due to lack of leadership and strategic approach that recognises the ‘power of purchase’. ”

Recommendation to public bodies

11. Senior leadership should review their procurement approach and activities to identify opportunities to maximise the social, economic, environmental and cultural impact of spending decisions, setting clear steps that show how procurement is supporting the delivery of their organisational well-being objectives.

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Welsh Government response

Accepted

The importance of procurement should be reviewed by senior leaders within the Welsh Public Sector. The procurement duties detailed in the proposed Social Partnership and Public Procurement (Wales) Bill will raise the profile within senior leaders. Welsh Public Sector organisations will be required to regularly review their procurement approach and activities to maximise the social, economic, environmental and cultural impact of spending decisions to meet these procurement duties. The Bill will also ensure that due regard is given to the WPPS which is aligned to the well-being objectives.

Issue highlighted: wider outcomes

“ The “procurement system” is too often leading to a focus on process and short-term cost rather than delivering wider outcomes over the long-term, and there is no consistent way of measuring the outcomes that can be achieved in line with the Act. There needs to be a shift to considering long term costs holistically, in line with the Act. ”

Recommendation to public bodies

12. Once a mechanism or tool is developed and adopted by Welsh Government (as recommended above), each public body should be using it to clearly monitor and report on its activities, both in individual procurement exercises and overall, how their procurement spend is meeting the well-being goals and objectives.

- This should be reported within the annual reports on delivery of their well-being objectives.
- In order to avoid confusion of language, and link clearly to the statutory

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requirements of the Act, the terminology should be revised to mirror the language of the Act.

Welsh Government response

Accepted – with the exception of reporting through the Annual Reports on well-being objectives where we will take an alternative course of action

We accept the main recommendation as detailed in the response to recommendation 11.

On the specific recommendation that this should be reported through the Annual Report on our well-being objectives, we propose an alternative course of action. The proposed Social Partnership and Public Procurement (Wales) Bill will place a duty on public bodies (including the Welsh Government) to produce specific reports on their procurement progress. Our belief is that this will cover off the points which underlie this recommendation in a more effective and appropriate way than including the information in either our own Annual Report or that of any of the public bodies.

Issue highlighted: collaboration

“ There is no mechanism for promoting effective collaboration for public bodies, particularly cross-sector to improve sharing, learning, capacity and skills. ”

Recommendation to public bodies

13. The Procurement Centre of Excellence established by Welsh Government will act as a central portal to support cross-sector collaboration and

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implementation. In collaboration with others Welsh Government should review existing groups and networks to better coordinate activity across local government, health, PSBs and regions, along with the third sector and private sector.

Public Services Boards should prioritise how they can collaborate and use spend to maximise social value, contribute to their well-being objectives, and improve well-being on a local level.

Welsh Government response

Accepted in part

Further activity will be undertaken to understand the problem in more detail and to identify the best solution which would bring key partners and stakeholders on board.

We are therefore initiating a Discovery Exercise which will examine and test the suggestion of a Centre of Excellence in more detail. This Discovery exercise will provide an opportunity to better understand how the various working parts currently fit together and options to improve the situation. It will also consider the impact of procurement reform and the Social Partnership and Public Procurement (Wales) bill particularly in the area of compliance/oversight.

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