



Llywodraeth Cymru
Welsh Government

GUIDANCE

Welsh procurement policy note WPPN 05/21: Guidance on reserving below threshold procurements for Welsh public sector bodies

WPPN 05/21 builds on UK Procurement Policy Note 11/20 and provides guidance specifically for Welsh public sector bodies

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Contents

Well-being goals

Points to note

Purpose

Dissemination and scope

Background and guidance

Actions required

Legislation

Timing

Procurement Policy Statement

Additional information

Contact details

Acknowledgements

References

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Well-being of Future Generations Act's well-being goals supported by this WPPN



- A prosperous Wales
- A resilient Wales

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- A more equal Wales
- A Wales of more cohesive communities
- A globally responsible Wales

Points to note

- The information set out in this document is neither legal advice nor statutory guidance and is not intended to be exhaustive. Nor is it intended to override existing legal obligations applicable to Welsh public sector (WPS) bodies – contracting parties should seek their own independent legal advice as appropriate. Please also note that the law is subject to constant change and advice should be sought in individual cases. This document reflects the position as at July 2021.
- This Welsh Procurement Policy Note (WPPN) builds on, and is consistent with, the Wales Procurement Policy Statement and the Public Contracts Regulations 2015 (“PCR 2015” - SI 2015/102) that remain unaffected by The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 (SI 2020/1319), effective from 1 January 2021.
- This note assumes a certain level of knowledge of public procurement. It is available via the Welsh Government website GOV.WALES and any queries should be directed to CommercialPolicy@gov.wales or via the [Welsh Government customer services](#).

1. Purpose

1.1 WPPN 05/21 adopts and builds on the recently published UK government Procurement Policy Note [PPN 11/20 on Reserving Below Threshold](#)

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Procurements (“UKG PPN 11/20”) and associated guidance **A Guide to Reserving Below Threshold Procurements** by the Cabinet Office.

1.2 UKG PPN 11/20 provides information and associated guidance on the options available to “In Scope organisations” (refers, in England, to central government departments, their executive agencies and non-departmental bodies) to streamline and simplify procurement in relation to contract spend on goods, services and works contracts with a value below the applicable thresholds (currently: £122,976 for supplies and services contracts, £4,733,252 for works contracts). It also encourages In Scope organisations to reserve low value tenders for Small and Medium sized Enterprises (SMEs)/ Voluntary, Community and Social Enterprises (VCSEs), and suppliers in specific geographical areas.

1.3 “Below threshold” contracts are those contracts where the value of the contract is insufficient for the provisions of Part 2 of the PCR 2015 to apply to it.

1.4 This WPPN provides information and guidance specifically to WPS bodies on reserving below threshold contracts.

2. Dissemination and scope

2.1 This WPPN has been published to assist all WPS bodies in Wales, including Welsh Government departments, NHS Wales bodies, Welsh Government sponsored bodies, local authorities ^[footnote 1] and the wider public sector. This WPPN covers goods, services and works contracts being delivered in Wales.

2.2 Please circulate this WPPN across your organisation and to other relevant organisations that you are responsible for, drawing it to the specific attention of those in procurement, commercial and finance roles.

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3. Background and guidance

3.1 The UK has officially left the EU, meaning that we can exercise additional freedoms in relation to contract spend on goods, services and works contracts with a value below the applicable statutory thresholds. This guidance provides options for WPS bodies to reserve below threshold procurements explicitly for Small and Medium sized Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs). It also provides options for certain WPS bodies to reserve contracts for suppliers in a specific geographic location. Please note however that reservation of contracts in this way is not permissible for local authorities in Wales (Section 17(5)(e) Local Government Act 1988 prohibits a local authority from taking into account “the location in any country or territory of the business activities or interests of contractors” when making procurement decisions).

3.2 WPS bodies should also note that UKG PPN 11/20 references some requirements for below threshold contracts which are set out in **Chapter 8 of Part 4 of the PCR 2015**. These requirements do not apply to “WPS bodies” where their functions are wholly or mainly Welsh devolved functions. “Welsh devolved functions” are functions which could be conferred upon a contracting authority by a provision falling within the legislative competence of the Senedd.

4. Actions required by WPS bodies

4.1 Reserving contracts

UKG PPN 11/20 advises that contracts below threshold should either be limited to a single county or be advertised UK-wide. Whilst Welsh Government concurs with this approach, we wish to extend the guidance further to also include the advertisement of contracts by UK region, provided that the geographical area of

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the region is accurately defined in the tender documentation. This will enable a greater supplier base and more opportunities for collaborative working.

WPS bodies may wish to consider, where appropriate, the following options for the procurement of below threshold contracts:

4.1.1 Reserving the procurement by supplier location

This means being able to run a competition and specify that only suppliers located in a particular geographical area can bid. This geographical area could be UK-wide, or it could be specified by a county or by a region of the UK, depending upon the objectives to be achieved, e.g. supporting UK domestic supply chains and promoting resilience and capacity, or where appropriate tackling economic inequality and supporting local recruitment, training, skills and investment. In line with UKG PPN 11/20, WPS bodies should not define by the nations of the UK (i.e. England, Scotland, Wales, and Northern Ireland) and where a county reservation is to be applied, only a single county may be reserved. Likewise, if reserved to a region, only a single region may be reserved. Supplier location should be described by reference to where the supplier is based or established and has substantive business operations rather than by the location of the registered office of the business alone.

AND

4.1.2 Reserve the procurement for Small and Medium sized Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs)

This means being able to run a competition and specify that only SMEs and VCSEs can bid. Welsh Government agrees with the approach to reserve contracts sub-threshold to SMEs and VCSEs where appropriate. Given the

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value for services and for works, tendering support is available to both SMEs and VCSEs/the third sector to be able to bid for contracts of these values. Please visit Business Wales website for further information on support available to small businesses.

4.1.3 These options should be considered on a case-by-case basis, and may be exercised on their own or together, where permitted. For example, a WPS body may wish to reserve a procurement for suppliers based in a particular location (UK-wide, county or region of the UK) and for SMEs and VCSEs only.

4.1.4 WPS bodies should describe clearly in their procurement notices and documentation which reservations are to be applied, including the standardised definitions of SMEs / VCSEs, and any supplier location restrictions which should be described as accurately as possible.

4.2 Further considerations as regarding supplier location

4.2.1 When considering the location of a supplier, WPS bodies should consider whether the supplier is based or established in a particular location and has substantive business operations in that location. In this context, this means having a factory or other permanent base in that location from which meaningful business operations are being conducted rather than simply a registered office. For example, if the reservation is for the UK as a whole, or a region such as North Wales, this should not preclude foreign suppliers from participating as long as they are based or established and have substantive business operations in the UK in the first example or in North Wales in the second example.

4.2.2 WPS bodies should identify and manage fraud and corruption risks in their below threshold procurements, identifying appropriate safeguards and mitigating actions through which to manage those risks.

4.2.3 It is important to be aware of businesses setting up 'phantom' offices to be

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eligible for geographically defined contracts and therefore, the appropriate risk management should be carried out before undertaking below threshold procurements. To minimise this risk, WPS bodies should check supplier details at Companies House and other open information sources. WPS bodies could also seek verification directly from the supplier and / or where appropriate conduct a site visit to ensure that the supplier has a substantive business operation in that location.

4.2.4 If a WPS body is not satisfied with the answers they have received, and the evidence suggests that the supplier is not substantially operating from a defined geographical location, then the WPS body should not allow the supplier to participate in the procurement.

4.3 Sell2Wales

4.3.1 In this WPPN, Sell2Wales is the advertising portal for WPS bodies.

4.3.2 For opportunities published through Sell2Wales there must be sufficient support and promotion so that organisations are registered on the system and feel able to bid. Please visit [Business Wales website](#) for further information on support available to small businesses.

5. Legislation

- Local Government Act 1988
- The Public Contracts Regulations 2015
- The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020

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6. Timing

This WPPN is effective from the date of publication on 09/07/2021 until it is superseded or cancelled.

7. Welsh Government Procurement Policy Statement (WPPS) relevance

This WPPN aligns with the following WPPS principles:

Principle 1

We will leverage collaborative procurement activity in Wales to maximise long-term sustainable social and economic value outcomes from public spend.

Principle 5

We will support Welsh Government policy objectives relating to progressive procurement, such as the Foundational and Circular Economy, through collaborative, place-based (whether national, regional or local) procurement activity which nurtures resilient local supply chains.

Principle 10

We will promote value-based procurement which delivers optimum long-term outcomes for Wales.

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8. Additional information

8.1 To support the delivery of this WPPN, Sell2Wales offers the online “Quick Quote” (QQ) functionality to support WPS bodies. It allows buyers to obtain competitive quotes electronically for low value requirements by sourcing suppliers registered on Sell2Wales. QQ is used to obtain quotes for low value/ low risk procurement exercises or run mini competitions within a framework agreement.

8.2 Details of the QQ are created online through the notice creation wizard and distributed to a select list of suppliers. There are a number of ways in which to filter and select the suppliers that you want to invite to quote through Supplier Finder Profile. QQs are only distributed to the selected suppliers and are not made public on the portal. Therefore, only the individual supplier selected to quote can access the details of the quote and submit a response.

8.3 Once registered on Sell2Wales any supplier can be invited to quote from a buyer. To enhance a supplier’s chance of being invited to quote suppliers should complete a full and accurate Supplier Finder Profile. For a more detailed guide take a look at the [Sell2Wales User Guide](#).

8.4 Further information and guide on Quick Quote available on Sell2Wales.

9. Contact details

If you have any questions about this WPPN, please contact:

Commercial Policy – Polisi Masnachol: CommercialPolicy@gov.wales.

If you have any questions on support available for small business, please

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contact:

Business Wales helpline: 03000 6 03000

Sell2Wales helpline: 0800 222 9004

10. Acknowledgements

The following publications were utilised in the preparation of this WPPN:

- **PPN 11/20 Procurement Policy Note - Reserving Below Threshold Procurements** (Crown Commercial Services December 2020)
- **A Guide to Reserving Below Threshold Procurements** (Crown Commercial Services December 2020)
- **Sell2Wales User Guide** (Sell2Wales)
- **Buyer User Guide – Quick Quote** (Sell2Wales)

11. References

- **PPN 11/20 Procurement Policy Note - Reserving Below Threshold Procurements** (Crown Commercial Services December 2020)
- **A Guide to Reserving Below Threshold Procurements** (Crown Commercial Services December 2020)
- **Sell2Wales User Guide** (Sell2Wales)
- **Buyer User Guide – Quick Quote** (Sell2Wales)

Footnotes

1. Local authorities are prevented from reserving contracts by geographical

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location by section 17(5)(e) Local Government Act 1988. See paragraph 3.1 above.

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