



Llywodraeth Cymru
Welsh Government

REPORT

Evolution of Welsh Government procurement

Report on progress to evolve Welsh public sector procurement in the past year.

First published: 24 March 2021

Last updated: 24 March 2021

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Foreword

At the beginning of March 2020, we published the Progress Towards the Development of a New Procurement Landscape in Wales report. This set out the progress made to deliver the 2018 Procurement Written Statement and the First Minister's manifesto commitments, as well as outlining the journey that the procurement profession was on. When we published that report, we could not have anticipated the year that was ahead - the far-reaching consequences of the UK's departure from the EU and the Covid-19 pandemic.

In response, the procurement profession has had to rise to new and unprecedented challenges. The delivery of effective, sustainable, and often urgent procurement to provide essential works, goods and services has never been more important. We have had to adapt and we have had to prioritise resources. I am proud of how much we have all achieved in the last year in responding to the pandemic, for example by delivering essential lifesaving goods such as PPE and life improving goods such as visitor care home pods.

The key to delivering our achievements has been through collaborating with our stakeholders and partners. We have built on existing relationships and have also developed new ones. We have taken on feedback to produce the new 2021 Wales Procurement Policy Statement (WPPS), which we published earlier this month. The WPPS sets the strategic vision for public sector procurement in Wales. It recognises the central role that public procurement can play in the delivery of well-being objectives and progressive policy priorities such as decarbonisation, social value, community benefits, fair work, the circular economy and the foundational economy.

Following the UK's departure from the EU, we are considering how we reform current procurement regulations. We will aim to streamline and simplify the complex framework of regulations that currently govern public procurement. At all times we will seek to shape the procurement landscape to deliver for our

communities and our businesses.

I hope that you find this document informative and that it helps you understand the journey we are on, and how we can collectively deliver on our exciting shared vision for the people of Wales.

Rebecca Evans MS
Minister for Finance and Trefnydd

Headlines

Responding to Covid-19

1. The Covid-19 crisis in March 2020 resulted in the procurement profession across the Welsh public sector increasing its collaborative efforts and refocusing resources in relation to the delivery of critical equipment and services such as Personal Protective Equipment (PPE) and Contact Tracing. Through effective and efficient collaboration, our approach provided value for money for the taxpayer and ensured that vital supplies were provided in a timely manner.
2. The National Procurement Service (NPS) within Welsh Government's Commercial Procurement directorate, manages two frameworks for critical products - PPE and cleaning materials. In response to the crisis, these agreements have been widely used to deliver vital supplies to all sectors including Local Government, the NHS and the Third sector. During this time, the team worked tirelessly with over 20 suppliers to identify, assess and alert the public sector including the NHS to available stock.
3. Feedback from stakeholders has been positive. Examples include, a Wales Council for Voluntary Action (WCVA) member noting that the stock alerts had been vital to their ability to obtain PPE, providing assurance that they had not

been forgotten; whilst Carmarthenshire Council wrote to an NPS provider, thanking them for helping their care home through the crisis, noting they were like the 'fourth emergency service'.

4. In another example, collaboration between NPS, the Welsh Local Government Association (WLGA) and a Welsh manufacturer has ensured the long-term delivery of Welsh manufactured reusable face coverings to schools in Wales through an NPS framework distributor. This intervention helped form a strong relationship between the manufacturer and the distributor and their strategic partner which has the potential to create up to 250 jobs in Wales. There are more details about this in the case study in Annex 3.

5. The Critical Equipment Requirements Engineering Team (CERET) - a cross-government and industry group – was established early on in the pandemic to assist in addressing NHS shortages for a range of products including PPE. Commercial Procurement were active participants of the wider CERET team which promoted joint working alongside the Welsh Government Life Sciences Hub (LSH) in reviewing sourcing offers for the NHS. Further work between NPS, LSH and the NHS Wales Shared Services Partnership (NWSSP) to develop a collective PPE procurement option paper also strengthened working relationships. We have continued to build on these relationships in taking forward further areas of work.

6. More broadly, teams within the Corporate Procurement directorate took immediate action to review all Welsh Government procurement activity in light of the outbreak; providing advice and guidance on procurement activity including supporting colleagues with requests for early contract termination for contracts affected by Covid-19 and in applying the supplier relief process to existing contracts affected by the pandemic.

7. The Digital & ICT procurement team supported several procurement activities directly in response to Covid-19. These included procuring a National Prescription Service, which facilitated the provision of licenses and prescriptions

for vulnerable people who could not leave home during the Covid-19 pandemic. The team also supported the procurement of a dashboard to monitor the outbreaks and the effects of Covid-19 and provided support to source laptops and associated devices for organisations who needed to quickly move to home working.

8. Corporate Procurement Services (CPS) team collaborated with colleagues across Welsh Government to procure urgent, critical items including food boxes for those shielding across Wales, the provision of Mental Health support to all NHS workers, contracting with Royal Mail for prescription delivery, providing procurement support to the CERET team, purchasing Visitor Pods for Care Homes (more details in annex 7) and supporting colleagues in establishing Welsh Government contractual requirements for International Travel and Quarantine.

Wales Procurement Policy Statement

9. In March 2021 we published the revised Wales Procurement Policy Statement (WPPS). This is the third WPPS which sets the strategic vision for public sector procurement in Wales and has been written in partnership with our stakeholders.

10. The WPPS will help to define our progress against the well-being goals we are pursuing for future generations, putting the Well-being and Future Generations (Wales) Act 2015 at the heart of all procurement decisions and supporting us to achieve the 'Wales we want'. We all have a responsibility to ensure we are preventing problems and thinking about the long-term, while maximising opportunities to deliver economic, social, environmental and cultural well-being.

11. The key to delivery of the WPPS will be through continued collaborative working. We will review and refresh the Statement regularly with partners to ensure that it remains a true reflection of our shared ambition for public

procurement in Wales.

12. We will develop an action plan to underpin delivery against the Statement's principles which will be published on our website. We encourage buying organisations, either individually or as part of a collaboration, to develop and publish their own action plans detailing how they will support the delivery of priorities at a local, regional and national level.

13. The proposed Social Partnership and Public Procurement (Wales) Bill's statutory guidance will take into account the Statement and associated action plans, placing contracting authorities under a duty to deliver socially-responsible outcomes through procurement which places fair work and social value at the centre rather than being solely focussed on achieving financial savings.

EU Exit

14. We have undertaken significant work over the past three years to prepare for leaving the EU, particularly in relation to the possibility of a no-deal Brexit. This included working with the UK Government (UKG), the Welsh public sector and departments across the Welsh Government to monitor and manage supply related risks. This included helping to ensure the continuity of supply of critical products such as medicines and medical products to all parts of the UK.

15. In 2020, as we approached the end of the Transition Period (TP), a key strand of work involved bringing EU procurement legislation into UK law through a Statutory Instrument (SI). We worked with the UKG to ensure the SI was successfully laid and made in Parliament on 19 November 2020. This has helped to bring certainty to both buyers and suppliers.

16. Another key area of work involved the development of a replacement e-notification system called Find a Tender Service (FTS) to replace the OJEU/TED (where above-threshold procurement opportunities are advertised across the

EU). The UKG led on developing the FTS and Welsh Government officials worked with the UKG to ensure Sell2Wales could publish notices to the new FTS and to also ensure a Welsh language version of the FTS system was made available.

17. A Common Framework for public procurement has been drafted through constructive discussions between the UKG and the other Devolved Administrations. This provides a mechanism by which the four UK governments will handle UK and international policy issues involving public procurement. All four governments have agreed to follow the spirit of the Common Framework ahead of its final approval which is expected in 2022.

18. The UK became a member of the World Trade Organisation's (WTO) Agreement on Government Procurement (GPA) on 1 January 2021. It was previously a member through its membership of the EU. Maintaining UK participation in the GPA will ensure that UK businesses have continued access to international government procurement markets worth over £1.3 trillion annually following the UK's exit from the EU.

Procurement reform

19. Welsh Government has an opportunity to consider fundamental reform of the current procurement regulations in order to increase the benefit of public sector procurement to the Welsh economy and society.

20. Procurement reform will enable us to, amongst other things, streamline and simplify the complex framework of regulations that currently govern public procurement. This could enable us to design something that delivers wider outcomes for our communities and our businesses, especially as we begin to recover from the Covid-19 pandemic.

21. To understand the best way forward for procurement reform in Wales, we

engaged with the public, private and third sectors to understand their appetite for potential procurement reform in Wales and the proposals outlined in the UK Government's Green Paper.

22. The engagement sessions were supplemented by the provision of an on-line survey which focussed on questions specific to the landscape of procurement in Wales. The feedback helped inform the Welsh Ministers decision regarding the way forward for procurement reform in Wales.

23. Welsh Ministers have recently asked UK Government for additional time to make the formal decision on whether they allow UK Government to undertake primary legislation on procurement for Welsh Contracting Authorities. My officials will work with UK Government to better understand the draft Bill and its implications on Welsh Contracting Authorities. The new Welsh Government will make an informed decision on the way forward early in the new term.

Taking Procurement Forward: ongoing developments

Capability and capacity

24. As the profession seek to navigate an increasingly complex landscape, capability and capacity within the public procurement function has continued to be an issue. In response, a comprehensive development programme has been developed in collaboration with stakeholders to increase the long term sustainability and growth of the profession. This integrated programme has included the sponsorship of staff from across the Welsh public sector to undertake CIPS training including:

- Funding 50 individuals from across the Welsh public sector to undertake Practitioner and the Advanced Practitioner programmes of the CIPS

Corporate Award. All of the individuals have committed to remain in the Welsh public sector for the long term (there are more details in annex 6)

- 4 students in their penultimate year of their Logistics, Supply Chain and Procurement at the University of South Wales being offered one year placements in procurement departments across Wales including Welsh Government.

25. This will build on the training programmes and opportunities that are already in place within the wider Welsh public sector. For example, Welsh Government is piloting procurement profession specific, blended promotion gateways allowing procurement professionals the opportunity to develop and be promoted within this key area of expertise.

26. Wider development of the profession is being progressed by the implementation of a suite of core commercial eLearning modules. We have also held early discussions to explore options to establish a national procurement apprenticeship programme and the possibility of a procurement mentoring programme for Wales.

Commercial procurement activities

27. Collaboration remains at the heart of effective public sector service delivery that reflects local, regional and national requirements. The NPS continues to work closely with the Welsh public sector the WLGA and the Welsh NHS, to reduce the number of national frameworks. The national contract plan now sits alongside the Local Government regional programme and work is now underway in developing a wider cross-sector national collaborative plan.

28. This will help drive up framework activity across both national and regional approaches, remove duplication and better publicise to the Welsh supply side future opportunities.

29. Within Welsh Government, CPS continue to support procurement activity across the organisation including our Learning & Development Framework, Print Framework, CADW's Works Framework; CADW Construction Consultancy Framework, Apprenticeship & Jobs Growth Wales, Policy Research & Evaluations.

30. CPS are providing dedicated procurement support for infrastructure for the Border Control posts, working with colleagues on an exciting land sale project which hopes to deliver a minimum 50% provision of affordable housing, of which a minimum of 35% (of all units developed) must be social rented. They are also working with colleagues to draft guidance for the new regional funding model and transition period following EU exit.

E-Procurement

31. The Digital Action Plan for eProcurement was created in October 2019. Initial activities focused on specific deliverables:

- Digital Signatures were introduced for our contracts in eTender Wales. This functionality was successfully piloted and has since been adopted by the Digital and ICT procurement team within Welsh Government. This proved to be a timely adoption just prior to Covid-19 (more details in the case study at Annex 2). We are currently discussing with several organisations how they too can make use of this functionality.
- Electronic Invoicing functionality was added to the Welsh Government funded eTenderWales service. This makes it easier for organisations to receive and process electronic invoices.
- Work was also initiated to look at how the user experience between Sell2Wales and eTenderWales could be improved. This focused on the ESPD (European Single Procurement Document).

32. Further activity on the Plan was paused in March 2020 due to the pandemic

crisis and recommenced it in October. Since then, the priority has been to incorporate the eProcurement action plan into part of a wider Digital Strategy for Wales of which procurement is one element. This has now been completed and the team are working with the newly established Centre for Digital Public Services to create the next iteration of the eProcurement Digital Action Plan.

33. The Digital and ICT procurement team continue to support the digital and ICT communities, both within Welsh Government and across the Welsh public sector. Generation two of the very successful IT Products and Services framework, which is a £300 million national hardware and software framework, was awarded in June 2020. The Hwb online learning platform, which has now become an integral part of home learning, was re-tendered together with several critical business and economic support contracts. The move to home working has led to a significant increase in our use of digital technology which typically means increased costs. We successfully offset some of our increased costs against a 15% saving off our Microsoft cloud pricing through taking advantage of a new Azure Pricing Agreement.

Policy development

34. Public procurement can play a central role in the delivery of progressive policy priorities ranging from decarbonisation, to social value and community benefits, the circular economy and the foundational economy. These policies help to combat climate change, support jobs and training while helping the most vulnerable. They also help us to meet our goals in relation to the Well-being of Future Generations Act.

35. Community Benefits (CB) was developed for the Welsh public sector to address a wider definition of value for money rather than being solely focussed on achieving financial savings and getting the lowest price for the goods, services or works being procured.

36. The Welsh Themes, Outcomes and Measures (TOMs) has been developed as an evolution in our approach to capturing wider social value. It incorporates all of the requirements of the CB Toolkit and has been designed to allow organisations to assess their social value contribution to the Well-being of Future Generations Act.

37. Welsh TOMS can capture quantifiable benefits across the following policy drivers Fair Work, Foundational Economy, Community Benefits, Community Wealth Building, Circular Economy, and Decarbonisation. In addition they can be adapted to embrace future policy drivers such as Social Partnerships.

38. Officially launched in October 2020, the toolkit is freely available to the Welsh public sector to adopt and use. Natural Resources Wales (NRW) and NPS are piloting the use of TOMs and a number of organisations, particularly within Local Government, are transitioning or plan to transition from CB usage to the use of the Welsh TOMs.

39. The TOMS toolkit needs to be used via a hosting platform to provide maximum benefit and demonstrate measurable outcomes and this comes with cost implications. Commercial Procurement directorate have undertaken a short survey with the public sector to better understand what support is needed from the Welsh Government to help the public sector to deliver Social Value outcomes. We are listening to our stakeholders and developing an options appraisal to agree the way forward.

Engagement and communications

40. We reacted quickly to the challenges of Covid-19; the need to procure critical goods and services for Wales and to communicate urgent messages to our stakeholders.

41. We established, a Covid-19 mailbox at the start of the pandemic which saw

significant traffic throughout March, April and early May 2020 with significant activity undertaken to review the many offers and queries that arose. We have adopted a flexible approach to the production of our monthly newsletter and increased the frequency when we have needed to communicate urgent messages. This has been supported by increased use of our social media channels and targeted e-mail updates to stakeholders when required.

42. More recently, we have been looking out improving our web presence. The Wales Procurement Advice Notes have been replaced by Wales Procurement Policy Notes and these have all been grouped together on our website. We have also developed an area where we can share examples of best practice on our website.

43. We have built on existing relationships with stakeholders in our response to the pandemic and continued to engage with them closely in developing the WPPS and on procurement reform.

The way we work

44. Our structure has continued to evolve over the past year whilst we transition the work of the NPS and the Value Wales teams into a new commercial delivery service. We have had to respond quickly to the demands placed on us by the Covid-19 and refocus our resources. We have also established a new interim Procurement Reform team to lead on this priority area of work. In addition, whilst we wait for the appointment of our new Director, we have made some minor structural changes to improve the way we work and have created a new operations team.

The future

45. The challenges brought by the pandemic have been severe. However,

through closer and more effective working with our partners across the public sector, together we have achieved a lot in the past year. We recognise, however, there is still more to do to improve the Welsh public sector procurement landscape and we know that we can achieve more through effective shared working and learning.

46. We believe that together we have a solid base to build on and continue to improve. Our collective collaborative approach has established strong foundations through which the value of procurement as a strategic lever for positive change has been recognised.

47. The new Wales Procurement Policy Statement provides the strategic vision for public sector procurement in Wales. It will help define progress against the well-being goals we are collectively pursuing to deliver positive outcomes for future generations. Key to its delivery will be through continued collaboration.

48. As we consider the recommendations of the Future Generation's Commissioner's recent Section 20 review of Procurement, we are keen to examine further opportunities for building a stronger collaborative model for Welsh public procurement, and will be exploring how that could work with our partners.

Case studies

- **Barclaycard ePayments Service provides continuity for the Welsh public sector**
- **Digital signatures provide agility and continuity for public procurement in Wales**
- **Welsh Government invests in the future of procurement professionals**
- **Visitor Pods secured for Care Homes across Wales**

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