



Llywodraeth Cymru
Welsh Government



Wales Procurement Policy Statement

March 2021



Ministerial Foreword

The consequences of the Covid-19 pandemic are truly profound for our economy, our society, and our communities. With this backdrop, together with the continued uncertainty of the long term impacts of the UK's departure from the EU, we must ensure public sector expenditure delivers even greater value in contributing to positive social, economic, environmental and cultural outcomes. Effective, sustainable procurement, and the successful delivery of works, goods and services we all rely on, has never been more important.

Public procurement can play a central role in the delivery of progressive policy priorities ranging from decarbonisation, to social value, fair work, 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.

Delivery on these ambitions is reliant upon a procurement profession with the skills and capacity needed to make our goals a reality. I am proud of the progress we are making together to upskill the profession and increase training opportunities.

The Wales Procurement Policy Statement (WPPS) sets the strategic vision for public sector procurement in Wales. It 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 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.

The key to delivery of this WPPS will be through continued collaborative working. We will review and refresh the WPPS regularly with partners to ensure that it remains a true reflection of our shared ambition of public procurement in Wales. We aim to achieve greater transparency on outcomes.

Welsh Government will develop an action plan to underpin delivery against the Statement's principles which will be published on our website. I ask 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. The proposed Social Partnerships Bill statutory guidance will take into account this Statement and associated action plans, placing contracting authorities under a duty to deliver socially-responsible outcomes through procurement. This places fair work and social value at the centre rather than being solely focused on achieving financial savings.

I hope that you will welcome this Statement and work with us to make our shared vision a reality.



Rebecca Evans.

Rebecca Evans MS
Minister for Finance
and Trefnydd



Procurement Policy in Wales

The purpose of this document is to set the strategic direction for public sector procurement in Wales.

The vision is:

“Welsh public sector procurement is a powerful lever with ability to affect sustained change to achieve social, economic, environmental and cultural outcomes for the well-being of Wales”

The Wales Procurement Policy Statement Principles

The Welsh public sector will follow ten principles for procuring well-being for Wales based on the Well-being of Future Generations (Wales) Act Goals and key Welsh Government policies:

1. We will leverage **collaborative** procurement activity in Wales to maximise **long-term** sustainable social and economic value outcomes from public spend
2. We will **integrate** procurement into the heart of Welsh policy development and implementation
3. We will progress **long-term** sustainable procurement, which builds on and scales best practice and sets clear steps that show how procurement is supporting the delivery of organisational well-being objectives
4. We will raise the **long-term** standing and profile of the procurement profession and its role as an enabler for procurement policy
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
6. We will 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
7. We will align our ways of working and increase stakeholder **involvement** to support innovative and sustainable solutions through procurement
8. We will **collaborate** with stakeholders to promote equal opportunities and fair work in Wales
9. We will improve the **integration** and user experience of our digital solutions and applications, maximising the use of our procurement data to support decision making
10. We will promote value-based procurement which delivers optimum **long-term** outcomes for Wales.

Wales Procurement Policy Statement – Key Information

Structure of the Wales Procurement Policy Statement

- The Principles are the Welsh Government’s principles in relation to procurement.
- The definition of each principle describes what the principle means.
- The potential considerations specify, but do not constitute an exhaustive list of, the kind of questions which a contracting authority may wish to consider in order to demonstrate that it has had regard to the Welsh Government’s principles.
- The intended outcomes describe what contracting authorities are expected to achieve when they have regard to the principles.
- Each contracting authority is encouraged to have regard to all the principles but may exercise its judgement to decide if each principle is relevant to a procurement and/or its procurement activity.

Interaction with the Well-being of Future Generations (Wales) Act 2015

- The potential considerations and intended outcomes refer to concepts under the Well-being of Future Generations (Wales) Act 2015 (the “Act”). Most, but not all, contracting authorities are included in the Act. The Act places a duty on those

contracting authorities to carry out sustainable development. The Welsh Government therefore recognises that not all contracting authorities are required to set and publish well-being objectives or to work to achieve the seven well-being goals but it encourages each contracting authority to consider how its procurement activity can contribute to sustainable development. For further information on the Act, please visit:

<https://gov.wales/well-being-of-future-generations-wales>

Interaction with relevant legislation

- Contracting authorities are reminded that they must not take any action in accordance with these principles which would conflict with any obligation relating to existing relevant legislation or public procurement requirements, whether under the Public Contracts Regulations 2015 or otherwise.

Contracting Authorities

- In this document, references to a “contracting authority” is meant to reflect contracting authorities in the Welsh Public Sector.

Wales Procurement Policy Statement Principles

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

Definition

Delivering long-term sustainable social and economic value outcomes from public spend requires public, private and third sector organisations to work together effectively for the well-being of Wales. Collaborative procurement is where two or more contracting authorities work together to maximise benefit. For example, contracting authorities may choose to collaborate to align and leverage their procurement activity to deliver efficiencies. Similarly, suppliers may choose to work together to reduce bidding costs and offer improved value for money. Collaboration can also be local and/or cross-sector and can involve small and medium-sized enterprises (SME) and Voluntary Community and Social Enterprises (VCSE).

Potential considerations for contracting authorities

- What social, economic, environmental and cultural outcomes is the organisation trying to achieve?
- How is the organisation identifying appropriate opportunities for collaborative procurements with other organisations?
- Are there any potential benefits to the well-being of Wales that could be realised through collaboration?
- What are the shared long-term goals for the collaboration?
- Do the organisations have the appropriate level of procurement expertise and resource available to make the collaboration a success?
- How can knowledge be shared effectively between the collaborating partners?
- How do the organisations overcome any cultural barriers that could hinder the effectiveness of the collaboration?
- Are formal contractual arrangements necessary for the collaboration including adequate dispute and escalation mechanisms?
- How will the organisations ensure transparency between the parties?

- What are the risks and opportunities associated with the collaboration? How will the risks be allocated appropriately between the parties? How will the risks be monitored and managed? How will the opportunities be maximised?
- How will the organisations monitor and report on engagement with collaborative procurement initiatives?

Intended Outcomes

- Contracting authorities should embrace collaborative approaches to procurement to maximise economic value outcomes from public spend
- Contracting authorities can avoid inefficiency as a result of duplication of effort
- Where possible, support a “Buy once for Wales” approach
- Contracting authorities should publish their procurement pipelines so that opportunities for collaborative procurement can be identified
- Contracting authorities should ensure appropriate structures are in place to support knowledge sharing and the identification and adoption of internal and external best practice

2. We will **integrate** procurement into the heart of Welsh policy development and implementation

Definition

Strategic procurement is an important policy delivery mechanism to deliver local, regional and national policy ambitions. Using Welsh public sector procurement to deliver policy requires a proactive and strategic approach, led by professionally qualified and experienced procurement teams, which involves cross-functional teams and collaboration with public and private sector stakeholders.

Potential considerations for contracting authorities

- What role will procurement play in the development of local and regional policies?
- What role will procurement play in the implementation of local, regional and national policies?
- How effectively are Wales Procurement Policy Notes being implemented and applied by the organisation?
- What is the current level of procurement and contract management capacity and capability within the organisation, and is this sufficient?
- Is the organisation using the available training opportunities and resources to their full potential?
- How effective is the organisation's existing guidance and training for current and future commercial and procurement professionals, and those who are outside procurement but undertake procurement tasks?
- How effective are existing policies and processes to ensure that procurement-related considerations are appropriately reflected?
- How will performance and outcomes be recorded, monitored and reported to support continuous improvement?
- Is the organisation's procurement policy aligned with the organisational corporate policies and objectives?

Intended Outcomes

- Contracting authorities should integrate procurement into their corporate strategies, and procurement policies should align with corporate policies and objectives
- Procurement should be recognised as a key strategic function to deliver organisational policy objectives
- Contracting authorities should ensure adequate skills and resources are in place to carry out effective procurement and contract management
- Contracting authorities should adopt a collaborative approach to policy development and implementation
- Procurement's role in the delivery of policy objectives should be clearly defined

3. We will progress **long-term** sustainable procurement, which builds on and scales best practice and sets clear steps that show how procurement is supporting the delivery of organisational well-being objectives

Definition

Sustainable procurement happens when organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising and eliminating negative environmental impacts and maximising the cultural well-being of people and communities in Wales.

Potential considerations for contracting authorities

- Does the organisation's procurement approach embed the five Ways of working in the Sustainable Development Principle in the Well-being of Future Generations (Wales) Act?
- How can the organisation take better account of social, environmental, economic and cultural impacts in its procurement activity?
- Does the organisation set well-being objectives which are widely understood, and how does the organisation's procurement activity help them to meet these objectives?
- Is the organisation using relevant tools, such as the Sustainable Risk Assessment, in the decision-making process?
- Does the organisation have a clear definition and understanding of what value for money means for them and their stakeholders?
- How can the organisation identify and adopt emerging and established procurement best practice from across the public, private and third sector?
- Is the organisation using the available training opportunities and resources to their full potential?
- How can the organisation share best practice both internally and with external stakeholders?
- How will sustainable procurement performance and outcomes be monitored and reported to support continuous improvement?

- What reporting metrics can the organisation develop and use to demonstrate how procurement is supporting the delivery of organisational well-being objectives?
- Does the organisation's procurement strategy and annual procurement report provide detail on these metrics?
- How can the organisation use benchmarking to compare performance with other organisations in the Welsh public sector, and with other 'best in class' organisations both nationally and internationally?

Intended Outcomes

- Contracting authorities demonstrate clear buy-in, leadership involvement and engagement in procurement as an important lever in meeting corporate organisational well-being objectives
- Contracting authorities should use procurement to support local employment, skills and training opportunities for people of all ages
- Contracting authorities should seek to maximise the delivery of social value through all procurement contracts
- Contracting authorities should develop clear reporting metrics to demonstrate how procurement is supporting the delivery of organisational well-being objectives

4. We will raise the **long-term** standing and profile of the procurement profession and its role as an enabler for procurement policy

Definition

As a strategic function, procurement is one of the most important levers available to support contracting authorities in Wales in meeting their well-being objectives and contribute to the well-being goals for a prosperous, more equal, resilient, healthier and globally responsible Wales with cohesive communities, a thriving culture and vibrant Welsh language. Contracting authorities must ensure that there are appropriate skills, knowledge and behaviours in place to carry out effective procurement and contract management, cementing procurement's role as a strategic facilitator of growth, innovation and improving public services delivery.

Potential considerations for contracting authorities

- How well is procurement supported by senior management within the organisation?
- Does the organisation provide clear leadership of strategic procurement activity in line with local and national policies and priorities?
- What is the current level of strategic procurement and contract management capacity and capability within the organisation, and is this sufficient?
- Does procurement have an appropriate level of professional involvement and influence within the organisation?
- To what extent are procurement professionals being engaged and involved at an early stage of the procurement?
- How can the organisation's approach to procurement secure wider value for money benefits?
- How well established are the training and development support structures for staff involved in procurement?
- Is the organisation using the available training opportunities and resources to their full potential?
- How can the organisation identify and adopt emerging and established procurement best practice from across the public, private and third sector?

Intended Outcomes

- Procurement must be represented at a strategic level within contracting authorities
- Procurement is seen as an enabler and not a blocker, and procurement/commercial teams should act accordingly
- Procurement is seen as a profession of choice and people are encouraged and motivated to enter the profession
- Existing procurement talent in Wales should be nurtured and retained, with appropriate support and development plans in place and clear paths for progression within the profession

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

Definition

Progressive procurement can develop diverse and resilient local supply chains consisting of local enterprises, SMEs, employee-owned businesses, social enterprises, cooperatives and other forms of local ownership. By increasing local procurement and using Welsh public sector buying power to support local businesses through local-focussed procurement strategies, Welsh contracting authorities can develop their local economy and ensure that greater value from their public procurement activity remains within and benefits their local areas.

Potential considerations for contracting authorities

- How can the organisation break larger contracts down into smaller lots and encourage collaborative bidding?
- How will the organisation advertise procurement pipelines more widely to inform the market of potential contract opportunities?
- How will the organisation use early market engagement and ‘meet the buyer’ events to encourage engagement from the local supply market?
- How will the organisation work with organisations such as Business Wales to support local SMEs and social enterprises through the bidding process, improving the quality of their bids?
- How will the organisation reduce bureaucracy and excessive bidding costs by simplifying the procurement process, making it easier for social enterprises and SMEs to bid?
- How will the organisation move away from reliance on lowest price tendering, focussing instead on the Well-being goals and five ways of working?
- How will the organisation identify and collaborate with local anchor institutions to increase the value and volume of procurement from regionally based SMEs?

- How will the organisation encourage suppliers to adopt practices that create beneficial social, economic and environmental impacts?
- How effectively are Wales Procurement Policy Notes being implemented and applied by the organisation?

Intended Outcomes

- Increase spend with local businesses, social enterprises and the voluntary and community sector
- Promote collaboration between local and regional contracting authorities
- Provide local Welsh businesses with greater opportunity to bid for Welsh public sector contracts
- Develop resilient and reliable local supply chains of businesses who support the recruitment and retention of local employment
- Support, develop and grow business start-ups and local owned enterprises
- Maximise the Welsh public sector spend that remains in Wales with businesses owned in Wales
- Map local spend to maximise the local benefit of every £ spent through Welsh public sector contracts

6. We will 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

Definition

Climate change is one of the biggest challenges of our time. Contracting authorities must lead the fight against climate change and take urgent, proactive action to reduce and reverse the negative impacts on the environment from our actions and activities to safeguard and protect future generations. Using the collective power of strategic procurement, there is significant scope and opportunity for contracting authorities in Wales to achieve our net zero ambitions by prioritising and taking account of climate issues in procurement activity and maximising the use of available sustainable procurement tools, such as the Sustainability Risk Assessment.

Potential considerations for contracting authorities

- How can procurement contribute towards the organisation's wider environmental objectives and impact?
- How can the organisation embed carbon reduction and zero emissions within their specifications?
- How can the organisation assess the carbon impact of spend?
- How can the organisation engage and involve suppliers and the wider supply chain to achieve their net zero ambitions?
- How can the organisation identify, adopt and embed environmental best practices learned from suppliers, the supply chain and other stakeholders?
- How will procurement-related environmental performance and outcomes be monitored and reported to support continuous improvement?
- What reporting metrics can the organisation use to demonstrate how procurement is supporting the delivery of net zero ambitions?
- How can the organisation use benchmarking to compare performance with other organisations in the Welsh public sector, and with other 'best in class' organisations both nationally and internationally?
- Does the organisation have the necessary skills and understanding to make the right decisions for the climate and the environment?

Intended Outcomes

- Contracting authorities **must** take action to reduce and reverse the negative impacts on the environment from our actions and activities to safeguard and protect future generations
- Appropriate reporting metrics are developed and used across the Welsh public sector to demonstrate how procurement is supporting the delivery of net zero ambitions
- Contracting authorities take a co-ordinated approach through procurement to reduce and reverse climate impacts
- Contracting authorities work closely with suppliers and industry to achieve our net zero ambitions

7. We will align our ways of working and increase stakeholder **involvement** to support innovative and sustainable solutions through procurement

Definition

Contracting authorities in Wales listening to, and working with, stakeholders from across the public, private and third sectors, as well as the communities we serve, is essential to develop sustainable and innovative solutions that will result in better outcomes for all. Stakeholders should be identified at an early stage of the procurement process, and meaningfully engaged as appropriate to deliver maximum value.

Potential considerations for contracting authorities

- Who are the internal and external stakeholders?
- What are the stakeholder's priorities?
- How can the organisation increase stakeholder input and engagement at appropriate stages of the procurement process?
- Does the organisation have the processes and procedures in place to encourage and facilitate effective working with internal and external stakeholders?
- What information is needed from stakeholders, and how will that information be used?
- How can conflicting stakeholder priorities be managed effectively?
- What is the most effective method of communicating with different stakeholders?
- Who is responsible for stakeholder information management and ensuring the stakeholder analysis is continually reviewed?
- How can the organisation drive innovation and improved outcomes through early market engagement?
- What input can internal and external stakeholders have to the organisation's procurement strategies?
- Has the organisation considered alternative solutions such as insourcing, or alternative routes to market, such as partnership agreements or grants?

Intended Outcomes

- Contracting authorities should ensure processes and structures are in place to support greater stakeholder participation across the end-to-end procurement process
- Contracting authorities should leverage suppliers' knowledge and expertise to deliver greater innovative solutions

8. We will **collaborate** with stakeholders to promote equal opportunities and fair work in Wales

Definition

Contracting authorities should consider well-being and fair work, as well as the needs of people sharing protected characteristics, before procurement decisions are taken and throughout the complete procurement lifecycle, including contract management. Through the effective use of ethical and responsible sourcing strategies, contracting authorities can use procurement to achieve 'inclusive economies', where there is expanded opportunity for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being.

Potential considerations for contracting authorities

- How will the organisation reflect Fair Work as part of their corporate objectives?
- How will the organisation include modern slavery and ethical employment issues on their corporate risk register?
- How will the organisation undertake formal, documented modern slavery risk assessments as part of the procurement process to identify, assess and manage the risk of exploitation and unethical employment practice in their supply chains?
- How will the organisation collaborate with public and private sector stakeholders to develop improved visibility of the supply chain through effective supply chain mapping?
- How will the organisation undertake formal, documented equality impact assessments at an early stage of the procurement process to ensure that equality-related considerations are reflected, and that opportunities to bring about positive improvements in equality are maximised?
- How will equality-related considerations be incorporated throughout the procurement process, from pre-procurement to contract and supplier management?
- What are the minimum standards of behaviour and practice expected of suppliers and their sub-contractors?

Intended Outcomes

- Develop procurement strategy which sets out how procurement will be undertaken in a socially responsible way
- Simplify procurement processes to make them more accessible for SMEs, VCSEs and businesses owned by ethnic minorities
- Embed equality-related considerations throughout the procurement process
- Use contractual levers to ensure employees across the supply chain are treated fairly and ethically
- Implement and embed the Code of Practice Ethical Employment in Supply Chains in the procurement process, encourage suppliers and sub-contractors to sign up to the code, and develop effective reporting and auditing mechanisms to monitor the impact

9. We will improve the **integration** and user experience of our digital solutions and applications, maximising the use of our procurement data to support decision making

Definition

Suppliers and contracting authorities expect eProcurement solutions to be built with a focus on user needs as a priority. In the same way as effective communication between people facilitates effective procurement, users expect systems to integrate seamlessly with minimum duplication.

The introduction of the Open Contracting Data Standard (OCDS), which is a standard for publishing data on public contracting processes, will increase transparency throughout the commercial lifecycle, enable deeper analysis of contracting data, and facilitate the use of data by a wide range of stakeholders, thus maximising the use of procurement data to support decision making.

Potential considerations for contracting authorities

- How effectively are Wales Procurement Policy Notes that impact on transparency and digital ways of working being applied by the organisation?
- How much reliance does the organisation place on off-system ways of working such as email and excel?
- How effectively is data collected and used throughout the procurement lifecycle to enhance decision making?
- Does the organisation share procurement and spend data with Welsh Government in a timely and prompt manner to support Policy initiatives?
- How much use does the organisation make of Welsh Government funded eProcurement systems? (i.e. Sell2Wales including Single Procurement Document, eTenderWales and eTradingWales)
- If the organisation is not using Welsh Government funded eProcurement systems, how do they ensure that the systems they use are correctly integrated with Sell2Wales and provide equivalent or better functionality for the rest of the procurement lifecycle?

Intended Outcomes

- Procurement digital solutions are built and enhanced using user centre design principles
- Transparency is embedded by default into each stage of the procurement lifecycle, through the implementation of OCDS
- Procurement lifecycle data is freely available on Sell2Wales and is being analysed by internal and external stakeholders to support both policy implementation and improved decision making through deeper insight and business intelligence from available data

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

Definition

Value-based procurement approaches use the procurement process to drive market innovation to deliver life-cycle value across services, improving outcomes, reducing cost, and evidencing impact. These approaches also attempt to strategically align suppliers' resources, products and services to outcomes-based goals. Value-based-procurement generates opportunities for contracting authorities to focus on products and services that provide maximum value and deliver high quality outcomes across the full commercial lifecycle. Value-based procurement should focus on the outcomes required by the end user, and on securing the maximum result and impact using a whole-life costing approach. It should be supported by finance and procurement teams with the view that it should deliver tangible, measurable benefits that make a positive impact on our stakeholders.

Potential considerations for contracting authorities

- What does 'value' mean for the organisation and its stakeholders in the context of the procurement?
- What role does value-based procurement play in helping the organisation achieve its strategic goals and objectives?
- How can the organisation ensure that relevant areas of value are identified as part of the pre-tendering activity and specification development for new contracts?
- How can the organisation ensure that value measures are clearly defined and understood?
- Are all relevant value factors included in the in the procurement process and contract documents?
- Are relevant and measurable value questions included in the tender documents?
- What reporting metrics can the organisation develop and use to demonstrate how value-based procurement is delivering efficiency improvements?
- How effective are contract management processes at leveraging existing supplier relationships to optimise value within existing contracts through the adoption of supplier relationship management?

Intended Outcomes

- Contracting authorities should consider value from the perspective of the end user, and use this to drive greater focus on achievement of outcomes
- Where appropriate, contracting authorities should adopt whole-life costing approaches to procurements
- Contracting authorities should work with suppliers across the supply (value) chain to identify opportunities to reduce waste and inefficiency, and maximise value
- Contracting authorities should ensure that mutually beneficial and collaborative relationships are maintained with strategically significant suppliers across the supply (value) chain to support the co-creation of additional value
- Contracting authorities should develop appropriate reporting metrics to demonstrate how value-based procurement is delivering efficiency improvements