



Statutory Guidance: Procurement Strategies



What is a Procurement Strategy?

1. A Procurement Strategy sets out how a Welsh Contracting Authority (“Contracting Authority”), or group of authorities, intends to carry out public procurement. This can include any aspect of how procurement is carried out, but it must include how its procurement meets the requirements of the Social Partnership and Public Procurement (Wales) Act 2023¹ (“the SPPP Act”).
2. Publishing a procurement strategy will allow Contracting Authorities to demonstrate how they intend to implement the requirements of the legislation, monitor whether they are meeting the aims of the SPPP Act and include other information, for example on how collaboration with other Contracting Authorities could bring benefits to the authority, its suppliers and the wider community.
3. It will also allow suppliers to understand what is required of them to help achieve socially responsible procurement, and how the Contracting Authority will interact with them to make sure that outcomes are achieved.

What is the legal framework that governs the development of a procurement strategy?

4. Chapter 2 ‘Socially Responsible Procurement Duty’ in Part 3 of the SPPP Act covers the requirement to publish a procurement strategy:
 - a. **Section 38: Procurement Strategy.** This requires a Contracting Authority to prepare a procurement strategy that sets out how it intends to carry out a public procurement. It outlines in section 38(2) what factors need to be considered when a Procurement Strategy is written. The Strategy must state how the authority will carry out a public procurement in a socially responsible way in accordance with section 24(1), how it will meet its Socially Responsible Procurement Objectives (SRP Objectives), and the processes it will have in place to ensure that it makes payments due under a contract promptly and no later than 30 days after an invoice (or similar claim) is submitted.

Section 38(3) allows Welsh Ministers to draft regulations to amend section 38(2), and section 38(4) requires a Contracting Authority to review its procurement strategy each financial year, amend as required and publish it (and any revisions) as soon as possible thereafter. Contracting Authorities may also prepare a joint Procurement Strategy between two or more

¹ [Social Partnership and Public Procurement \(Wales\) Act 2023](#)



authorities (section 38(5)). Organisations deciding to publish a joint Strategy are not also required to publish a separate one.

The content of a Procurement Strategy

5. Section 38(2) of the SPPP Act states that a Procurement Strategy must cover the following matters:
 - a. how the Contracting Authority (or authorities) will carry out public procurement in a socially responsible way in accordance with section 24(1);
 - b. how the Contracting Authority (or authorities) intends to take all reasonable steps to meet its SRP Objectives when it carries out public procurement in relation to any prescribed contract;
 - c. how the Contracting Authority (or Authorities) intends to make payments due under a contract promptly and no later than 30 days (unless this is not reasonably practicable) after an invoice (or similar claim) is submitted.
6. It may be helpful to structure the Procurement Strategy with sections covering each of the three categories of information above. Other sections may be included to cover other aspects of procurement carried out by the authority or authorities.

Carrying out socially responsible procurement

7. Separate guidance on carrying out socially responsible procurement, and on setting SRP Objectives, is available, designed to help Contracting Authorities understand what is required. The Procurement Strategy, on the other hand, allows each authority, or group of authorities, to communicate how it will put these duties into practice.
8. Socially responsible procurement applies to all procurement, not only the larger “prescribed” contracts. A published Procurement Strategy should therefore set out how the authority (or authorities) intends to achieve this in a proportionate way. The socially responsible procurement guidance provides some ideas and examples.
9. A Procurement Strategy in the SPPP Act is a document that must be published. It is not something required for each individual procurement. The Procurement Strategy is set at the organisational level, or by groups of organisations, outlining how the Contracting Authority, or Authorities, will carry out socially responsible



procurement (section 38(2)). When procuring a public contract, authorities must consider their Strategies and apply what is relevant and proportional to that specific contract, so it can successfully implement its Strategy for each public procurement.

Taking all reasonable steps to meet SRP Objectives

10. All Contracting Authorities are required to set SRP Objectives. It may be helpful to work on these first before developing the Procurement Strategy. It may also be helpful to publish SRP Objectives in a separate document alongside the procurement strategy. This is particularly the case if several organisations are publishing a joint procurement strategy, given that each individual Contracting Authority must publish its own SRP Objectives.
11. SRP Objectives apply to all procurement, but the obligation to “take all reasonable steps” to achieve SRP Objectives only applies to “prescribed contracts” (section 24(5)), which includes major construction contracts, outsourcing services contracts, and prescribed contracts as defined in regulations.
12. The law requires that the strategy must document how the Contracting Authority (or Authorities) intends to take all reasonable steps to achieve its SRP Objectives when carrying out prescribed contracts. It will be necessary therefore to include further information about each of agreed SRP Objectives, setting out some of the steps that will be taken to meet each one.
13. The actual “reasonable steps” that will need to be taken to meet SRP Objectives are likely to vary depending on the type of procurement being carried out, and so Contracting Authorities cannot be expected to list every possible step that will be taken in all potential contexts.
14. However, it will be possible to identify key steps that will need to be taken to meet each SRP Objective for prescribed contracts. These steps could include collecting some metrics that a Contracting Authority (or Authorities) will use to measure success in delivering against SRP Objectives, for example on the proportion of expenditure with local businesses.
15. In developing “steps” it may be helpful to review current public contracts in the contexts of the agreed SRP Objectives. For example, when developing a specification for a catering contract, a contracting authority may identify actions that can be taken to:



- (a) increase sourcing of sustainable local food, supporting local and Welsh food producers where appropriate, supporting rural economies and fair employment, whilst also considering environmental impacts and improving food provenance and traceability.
- (b) reduce its impact when sourcing food globally through risk monitoring, due diligence, and use of certifications such as Fairtrade and RSPO (Round Table on Sustainable Palm Oil). Steps identified may contribute to one or more SRP Objectives

16. Such reasonable steps could, where linked to relevant SRP Objectives, include the involvement of pre-market engagement prior to publishing a tender notice, or including specific clauses within a public contract that will assist a Contracting Authority to deliver improvements against well-being goals and SRP Objectives, such as improving social well-being and cultural well-being pillars through requiring the successful supplier to involve groups that will be impacted by the contract's targets, for example young people.
17. Although the Procurement Strategy should document the main "reasonable steps" relating to each SRP Objective, Contracting Authorities will need to keep internal records of specific actions/steps they undertake for prescribed contracts. This is because they will have to include this information in annual reports (section 39(2)(b)). It will also be useful to keep a record in case of any future review, audit or challenge.
18. The table below gives one possible example for how steps could be documented against a fictional SRP Objective. This example includes a description of steps taken at different stages of the procurement cycle. Depending on the SRP Objective and the context it may be better to list steps that are not related to one another in this way, or to draft them in shorter form.
19. This should not be thought of as an overly bureaucratic and restrictive exercise. The important thing is that each organisation or group of organisations developing SRP Objectives and strategies thinks through the actions or steps that will be needed to achieve each SRP Objective. How many of these are general actions that might apply to all or most prescribed contracts? A summary of these should be included in the Procurement Strategy.
20. The SRP duties place considerable emphasis on contract management. This is explicitly the case for procurement of construction and outsourcing services, however good contract management is needed for all procurement. Actions and steps relating to contract management should be included in the strategy.



Procurement Strategy	
SRP Objective	Develop a more skilled & experienced workforce
Well-Being Goal(s)	A prosperous Wales A more Equal Wales
Well-Being Pillar(s)	Economic
Step No.	Step Summary
1.)	The pre-procurement planning phase will include a consideration of opportunities for apprenticeships.
2.)	If appropriate, procurement notices and tender documentation will include opportunities for apprenticeships
3.)	Standard contract clauses will be included to ensure that the obligation for apprenticeships or work experience is met, along with metrics to be used to measure success.
4.)	During the contract the success of the apprenticeships and/or work experience will be monitored using the agreed metrics. This may include interviews with apprentices or surveys during their apprenticeship or afterwards. Supplier views will also be sought.

Prompt payment

21. Section 38(2)(c) requires that a Procurement Strategy must:

‘state how the authority intends to make payments due under a contract promptly and, unless this is not reasonably practicable, no later than 30 days after an invoice (or similar claim) is submitted.’

22. Contracting Authorities should include their policy on prompt payments, explaining how they will ensure that payments to suppliers are made promptly within the 30 days requirement. This could include (but is not limited to):

- Electronic invoicing processes,
- Support for small medium sized enterprises (SMEs) to move to electronic invoicing and/or electronic payment claims,
- How the authority will record and monitor its payments under public contracts e.g. receipt of invoices, confirmation on whether these were agreed or not, if they were signed off by the relevant authorised individuals, how many payments were made on time, and for those that were not paid on time the reasons why etc.



- Project Bank Accounts

23. Authorities are encouraged to use electronic invoicing systems to help them pay invoices (or a similar claim) within 30 days of receipt. If these are in place, details of the electronic invoicing system and audit process should be included in the strategy. This may have the added benefit of assisting suppliers (particularly SMEs) in shifting to electronic invoicing.

Project Bank Accounts

24. Where possible, Contracting Authorities are encouraged to use project bank accounts to facilitate fair and prompt payment to suppliers throughout the public sector supply chain. A project bank account is a ring-fenced bank account with a trust status which has the sole purpose of making payments under a specific contract. They are designed to alleviate the burden on SMEs of waiting long times for payment, damaging cash flow in supply chains.

25. For major construction contracts the social public works clauses will require the Contracting Authority to notify Welsh Ministers if it does not intend to include clauses requiring the use a project bank account or equivalent.

26. A project bank account allows for simultaneous payments to the lead contractor and supply chain partners, enabling faster payment (typically between 3 – 5 days) compared to the normal payment methods used to pay sub-contractors which can take between 60 – 90 days or longer.

27. For further information on project bank accounts (their purpose, background and how they can used etc.,) Contracting Authorities should review the following WPPNs:

- [WPPN 010: Project Bank Accounts](#)
- [WPPN 011: Guidelines for deploying Welsh Government project bank account policy](#)

28. These are available through the main page for WPPNS: [Procurement policy notes](#).

Other material to include in procurement strategies



29. There are no further requirements about what should be included in a Procurement Strategy. However, an authority or group of authorities may also document other matters, for example relating to other organisational priorities, how technology is employed during procurement, any collaborative arrangements for procuring with other authorities, any governance or oversight arrangements, or mechanisms for engaging with workers and potential suppliers.
30. This guide refers to content that is necessary in order to comply with this Act; it should not be read to imply that other content in Procurement Strategies is any less important.
31. As Procurement Strategies are being prepared, Contracting Authorities should consider other applicable legislation that may be relevant to the sector in which they procure goods, services or works. As well as the Procurement Act 2023 this would include the Well-being of Future Generations (Wales) Act 2015 (WFG Act).

Consultation on Procurement Strategy

32. Although consulting on the development of a Procurement Strategy is not mandatory, section 43(2)(g) allows Welsh Ministers to issue guidance to Contracting Authorities about consultation during the preparation of a strategy.
33. Although an annual review of a Procurement Strategy is required under the SPPP Act this need not always involve a formal consultation. The sustainable development principle (see Section 24(2)) in the WFG Act sets out five ways of working, which include involving or collaborating with stakeholders. Involving/collaborating with stakeholders in the development of a Strategy is what is meant by consulting in this context.
34. Contracting Authorities should begin involving stakeholders early in the development of the strategy, after determining with whom they should engage. This may include internal staff involved in procurement and commissioning, those who are supported by professional procurement staff to deliver projects (whether works, goods or services), and the finance team, or teams in the case of a joint procurement strategy.
35. Given that this legislation is about delivering well-being goals there are likely to be other individuals in the Contracting Authority or authorities with an interest, for example with roles in business development, equalities or environmental protection.



36. Section 16 of the SPPP Act requires Contracting Authorities to engage with their recognised trade unions, or (where there is no recognised trade union) other representatives of their staff when carrying out sustainable development, which may include procurement activity.
37. External stakeholders may be current and potential future suppliers, service users, or others impacted by the authority when taking action to achieve the well-being goals. For example, when the authority is considering how the Strategy will address economic and social well-being through activities such as apprenticeships, it might wish to involve businesses in considering their ability to implement apprenticeships, as well as organisations responsible for supporting apprentices. Or, when considering how the Strategy will cover environmental improvements, for example, wildlife re-habitation, the authority may seek to approach the appropriate environmental groups for discussion.
38. It is recommended that trade unions, and other important stakeholders (such as specialist charities where applicable, or financial stakeholders etc.) should be included and involved as early as possible, and kept engaged throughout the Strategy development process. This approach has the potential to strengthen any resulting strategy, ensuring that valuable voices (for example, workers' voices or vulnerable members of society) are heard and addressed.

Approval and Review of Procurement Strategy

39. Section 38(4) of the SPPP Act requires Contracting Authorities to:

- '(a) review its procurement strategy each financial year,
- (b) make any revisions that the authority considers appropriate from time to time, and
- (c) publish the strategy, and any revision, as soon as reasonably practicable after it has been prepared or revised.'

40. To fulfil these requirements, Contracting Authorities should establish the processes it will put into place to develop the strategy (including consultation), review the strategy annually (see Section 46 of the SPPP Act for the interpretation of a "financial year"), update and sign off any amendments, publish and communicate the strategy as quickly as possible. Contracting Authorities should document this process, for example by creating a checklist.



41. Suggested factors to consider when creating and reviewing a Procurement Strategy are as follows, however Contracting Authorities are encouraged to identify the approach that will work best for them:

- a. Identify relevant stakeholders, plan the involvement process and how this will contribute to the drafting process,
- b. Agree the people who will review the procurement strategy each financial year², including identifying which internal and external stakeholders may be needed to review the strategy,
- c. Agree the level of approval required to sign-off the final version of the procurement strategy,
- d. If changes are needed, establish who must agree and sign off on these amendments to the procurement strategy,
- e. Agree how the procurement strategy will be published and communicated to all relevant stakeholders (internal and external),
- f. Confirm the group who will monitor delivery / implementation of the procurement strategy across the authority's public procurement contracts,
- g. Clarify how version control will be maintained including who will be responsible for keeping a record of any agreed changes, to ensure that the version available and to be published is the latest approved (signed off) version,
- h. Arrange for a review of the above processes to ensure that the authority is meeting its socially responsible duties under the SPPP Act.

42. When carrying out an annual review of the Procurement Strategy, Contracting Authorities are advised to involve important stakeholders including trade unions, financial stakeholders, specialist charities, and other internal stakeholders to ensure that different perspectives are taken on board. This would give a Contracting Authority greater confidence in the effectiveness of the strategy.

43. This review should consider matters such as the Contracting Authority's performance against its SRP Objectives, a review of feedback received from suppliers and other stakeholders, and an analysis of annual reporting data. A review of other relevant documents and processes, such as published SRP Objectives or contract management procedures, should follow from any changes to the Procurement Strategy

Joint procurement strategy

² Section 46 (General interpretation) of the SPPP Act defines the financial year as: 'In this Act— "financial year" ("blwyddyn ariannol") means— (a) in relation to a public body other than a Local Health Board or NHS trust, the period of 12 months ending with 31 March; (b) in relation to a Local Health Board, an accounting year within the meaning given by the order made under section 11 of the National Health Service (Wales) Act 2006 (c. 42) establishing the Board; (c) in relation to an NHS trust, an accounting year within the meaning given by the order made under section 18 of that Act establishing the trust;'



44. Contracting Authorities may also prepare a joint Procurement Strategy between two or more authorities (section 38(5)). To do so, the Contracting Authorities must first work towards agreeing the same, or very similar, sets of SRP Objectives that will assist them to meet the obligations they have identified through early engagement.
45. It is likely that individual Contracting Authorities will have different challenges to face in their areas, with, for example, one authority under more pressure to improve social well-being, with another focusing more on economic and environmental factors.
46. Therefore, before deciding to publish a joint strategy the Contracting Authorities involved should consider how the varying challenges and pressures between the Contracting Authorities can be addressed. This will need to include consideration of where there is overlap, how a joint approach can assist in improving contribution towards the well-being goals, whether or how a similar or identical set of SRP Objectives can be achieved, and whether there will be “steps” in common, for example involving any metrics applied to measure delivery against them.
47. When engaging on the joint Procurement Strategy clear communication channels and policies should be in place between all the Contracting Authorities, with regular meetings to discuss the content, the approach and response to any engagement or involvement exercise that is undertaken, and agreement on the final approval process for the joint Strategy.
48. The approval process should be agreed from the beginning, and the joint strategy signed off by all parties. The resulting strategy must be made available by each Contracting Authority through their communication channels (e.g. email) and through their resources (such as the authority’s website).
49. If a Contracting Authority is publishing its own Procurement Strategy, and not a joint Strategy it may wish to combine its published Procurement Objectives into one document with its Strategy.

Presentation of the Procurement Strategy

50. The final published Procurement Strategy will be available not only to other Contracting Authorities, but also to potential suppliers and the general public who may review the document to see how the Contracting Authority intends to carry out its procurement and fulfil its obligations on delivering socially responsible procurement.



51. When developing their Procurement Strategies, and in presenting both the draft and final completed versions, Contracting Authorities should aim to use plain language, to be as concise as possible and to focus on communicating clearly. The authority's standards on accessibility should also be followed, as well as the relevant Welsh language standards.