Wales Procurement Policy Statement

In December 2012 I launched the Wales Procurement Policy Statement (WPPS) setting out the principles by which I expect public sector procurement to be delivered in Wales. In the 2 years since the launch we have seen the profile of procurement rise significantly and a wider understanding that, when used effectively, procurement can be a strategic tool to deliver economic benefit to the people of Wales. Having secured agreement to legislative powers in respect of procurement for Wales this is a timely opportunity to review and strengthen the WPPS to support delivery of better public services in Wales, deliver increased job and training opportunities and support the economy.

Delivery of the first programme of Procurement Fitness Checks tells us that progress has been made since the publication of John McClelland’s review ‘Maximising the Impact of Welsh Procurement Policy’. The Fitness Check reports, published on the Procurement Route Planner at http://prp.gov.wales/fitnesschecks2014/, have provided organisations with a clear benchmark which they can use to move forward with the support of Welsh Government.

Key policies like Community Benefits continue to play an important role in the delivery of wider Government objectives. Results from the projects measured to date show they are clearly contributing to our tackling poverty agenda and now supporting delivery of our LIFT programme. Introduction of our advice notes on Blacklisting and Employment Practices in Procurement is helping drive ethical behaviour and ensure the public sector in Wales is good place to do business.

We have seen procurement capability across Wales grow with the introduction of 28 new procurement officers trained through the Home Grown Talent Project and over 600 public sector officers benefitting from procurement related training.

Since its launch in 2013, the National Procurement Service (NPS) has seen 73 Welsh public sector organisations make a 5 year commitment to use the contracts and frameworks that will bring together the procurement of common and repetitive spend across the Wales. With stretching targets to deliver up to £25m in savings once fully operational, I am pleased to see good progress is already being made.

But it is clear we are only at the early stages of this journey there is much more we can do. I have welcomed the introduction of the new EU Public Procurement Directive and I am determined that Wales will maximise the opportunities that this offers. Many of the new provisions serve to strengthen existing Welsh Government policy and we must now see this policy put into practice across Wales. To this end I would expect to see procurement treated with the respect it deserves, with organisations acknowledging the economic benefit it delivers, and recognising procurement at Board level.

We have seen expenditure won by Wales based suppliers rise from 35% in 2004 to 55% in recent years and I am sure that there is potential for this to increase even further in the future. This suggests that the application of tools like SQuID and guidance on joint bidding are helping more local businesses to access and win work. The new Directive provides an
opportunity to break down more barriers for business and develop practices that continue to standardise and simplify processes and encourage Third sector organisations, including co-operatives and mutuals to engage with us.

The recent passing of the Well-being of Future Generations (Wales) Act (2015) gives us a new opportunity to advance the principles of public procurement in Wales, building on the good work since 2012. Putting this into practice in the public service means we must continue to look toward our future generations and deliver more sustainable outcomes from our procurements so that our expenditure can help achieve the seven well-being goals for Wales set out in the Act.

The Procurement Board has the responsibility for monitoring adoption of the WPPS and overseeing how the £5.5bn spent annually through procurement delivers for Wales. I will continue to monitor progress closely and introduce regulation to enable the Welsh public sector to utilise our progressive policy agenda to the best effect.

Jane Hutt, AM
Minister for Finance and Government Business

9th June 2015
Definition of Procurement

This policy adopts the Sustainable Procurement Task Force\(^1\) definition of procurement: “the process whereby 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 damage to the environment”.

The Principles of Welsh Public Procurement Policy

In carrying out procurement activity the public sector in Wales are required to adopt the following policy principles:

1. **Strategic** - Procurement should be recognised and managed as a strategic corporate function that organises and understands expenditure; influencing early planning and service design and involved in decision making to support delivery of overarching objectives.

   *How will this be achieved?*

   **Welsh Government will:**
   - set out a ‘maturity model’, against which development of procurement can be measured across the Welsh public sector.
   - Facilitate a Procurement Fitness Check Programme, to include a self assessment model for eligible organisations
   - Provide a standard template against which public bodies will report the outcome and progress against action plans.
   - Provide access to policy, advice and resources which enable public bodies to improve procurement outcomes.

   **The Welsh public sector will:**
   - measure themselves against the maturity model, by undertaking an annual Procurement Fitness Check and reporting the recommendations and action plan progress to Welsh Government.

2. **Professionally resourced** – procurement expenditure should be subject to an appropriate level of professional involvement and influence, adopting the initial

\(^1\) Procuring the Future, 2006
benchmark of a minimum of one procurement professional per £10m of expenditure across the wider public sector.

How will this be achieved?

**Welsh Government will:**
- promote adoption of a procurement competency framework setting out qualifications, experience and expertise that will support a structured procurement career.
- provide routes to training and development, including those which enable public bodies to cultivate professional procurement and commercial expertise.
- Drive forward the shared services programme, enabling public bodies to utilise resources to best effect.

**The Welsh public sector will:**
- ensure adequate skills and resources are in place to carry out effective procurement and contract management.
- where gaps are identified within organisations, consider opportunities to share expertise across organisational boundaries
- have a procurement training strategy which addresses resource and skills gaps and share this with Welsh Government to support future skills development strategy.
- Incentivise procurement officers to maintain their continuous professional development and maintain their CIPS License to Practice, including CIPS Ethics Module

3. **Economic, Social and Environmental Impact** - Value for Money should be considered as the optimum combination of whole-of-life costs in terms of not only generating efficiency savings and good quality outcomes for the organisation, but also benefit to society, the economy, and the environment, both now and in the future.

How will this be achieved?

**Welsh Government will:**
- Maximise the opportunities presented by the revised EU Procurement Directive to drive economic, social and environmental impact
- provide leadership, guidance and tools on procurement best practice.
- Issue updated policy guidance on ethical procurement issues including but not limited to the opportunity to reserve contracts for suppliers with a

**The Welsh public sector will:**
- Provide leadership on procurement best practice
- use a whole life costing approach to procurement decisions, taking account of the long-term impact.
- Be pro active in managing suppliers, considering the whole supply chain
- Identify areas of expenditure which can be reserved for suppliers with a workforce of 30% or more disadvantaged
workforce of 30% or more disadvantaged workers
- the opportunity to reserve contracts for suppliers with a social ethos e.g. Co-operatives and Mutuals at first tender.
- Impact of the Modern Slavery Act on supply chain management
- Provide intelligence on the make up of the Welsh Economy to support development of procurement strategies that support Welsh economic growth

- Identify areas of expenditure which can be reserved for suppliers with a social ethos e.g. Co-operatives and Mutuals at first tender.
- Apply the Sustainability Risk Assessment to all procurements above £25,000

4. **Community Benefits** – delivery of social, economic and environmental benefit through effective application of Community Benefits policy must be an integral consideration in procurement.

*How will this be achieved?*

**Welsh Government will:**
- provide Community Benefits policy; strengthening support available on the ground and challenging the application

**The Welsh public sector will:**
- appoint a community benefits champion for their organisation and advise Welsh Government
- apply a Community Benefits approach to all public sector procurements
- apply the Measurement Tool to all such contracts over £1m, as a minimum.
- Provide justification for all contracts valued above £1m where the approach has not been used
5. **Open, accessible competition** – public bodies should adopt risk based, proportionate approaches to procurement to ensure that contract opportunities are open to all and smaller, local suppliers are not precluded from winning contracts individually, as consortia, or through roles within the supply chain.

*How will this be achieved?*

**Welsh Government will:**
- provide [www.sell2wales.co.uk](http://www.sell2wales.co.uk), including the SQuID common question set.
- Provide Leadership, guidance & tools on best practice procurement approaches
- Improve information on forward programmes by maintaining publication of the Wales Infrastructure Investment Plan.

**The Welsh public sector will:**
- amend standing orders to require advertisement of all contracts over £25k on [www.sell2wales.gov.uk](http://www.sell2wales.gov.uk).
- proactively publish their forward contract programmes on their website
- Use appropriate ‘lotting’ strategies.
- apply the SQuID approach as standard to supplier selection.
- Publish contract award notices on [www.sell2wales.gov.uk](http://www.sell2wales.gov.uk)
- Ensure procurements are available and accessible to all - including collaborative bids (i.e. consortia)
- Promote fair payment terms throughout the supply chain

6. **Simplified Standard Processes** – procurement processes should be open and transparent and based on standard approaches and use of common systems that appropriately minimise complexity, cost, timescales and requirements for suppliers.

*How will this be achieved?*

**Welsh Government will:**
- develop and promote simplified approaches to procurement based upon the adoption of common systems and processes, including the Welsh e-procurement service, that reduce the cost of doing business.
- Provide a centrally funding a 2

**The Welsh public sector will:**
- adopt and embed common procurement approaches.
- Make best use of available e-procurement tools
- measure themselves against the eProcurement Maturity model and eProcurement Organisational Benefits model
year change programme to accelerate etrading
- monitor the adoption and impact of these approaches.
- Provide structured support to public bodies to undertake business change management to support effective utilisation of e-procurement
- Provide a single point of contact for supplier feedback

as part of the annual procurement fitness check process
- Encourage supplier feedback on ease of process and channel through to Welsh Government
- Pay all correct invoices on time
- Use Project Bank Accounts where appropriate
- Adopt a 'no purchase order no payment' policy for all procurement activity

7. **Collaboration** – areas of common expenditure should be addressed collectively using standardised approaches and specifications managed by the National Procurement Service (NPS) to reduce duplication, to get the best response from the market, to embed the principles of this Policy Statement for the benefit of Wales; and to share resources and expertise.

*How will this be achieved?*

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<tr>
<th><strong>Welsh Government will:</strong></th>
<th><strong>The Welsh public sector will:</strong></th>
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<tr>
<td>deliver collaborative contracts and frameworks through National Procurement Service to the value of 2.2bn over the next 2 years.</td>
<td>participate in the National Procurement Service for the benefit of Wales and their individual organisation.</td>
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<td>Support collaboration and the wider shared services agenda.</td>
<td>Consider opportunities for further collaborative procurement initiatives</td>
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<td>monitor and report on engagement with NPS and other collaborative initiatives</td>
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8. **Supplier Engagement and Innovation** – dialogue with suppliers should be improved to help get the best response from the market place, to inform and educate suppliers, and to deliver optimum value for money.

*How will this be achieved?*

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<th><strong>Welsh Government will:</strong></th>
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<tr>
<td>Provide clear policy direction on procurement best practice in support of public bodies in</td>
<td>publish a single electronic point of contact for supply chain dialogue/feedback/</td>
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Wales adopting approaches to procurement that are informed and influenced by feedback from the supply chain.

- Provide business support to suppliers through the Business Wales service

-queries.

- ensure de-briefing provides adequate tender feedback.

- use outcome based specifications where appropriate to encourage business innovation

- use pre market engagement where appropriate

- Regularly publish contract award notices

- consider opportunities for using new innovation partnership provision of the Public Contract Regulations

- ensure regular contract performance management reviews are conducted and use these to encourage two-way dialogue


**Welsh Government will:**

- consult with social partners and other relevant stakeholders on matters which may be influenced through public procurement policy.

- Utilise the general designation on procurement to issue procurement guidance in the form of regulatory requirements for the Welsh public sector

**The Welsh public sector will:**

- Deploy the procurement guidance issued in all relevant contracts.
10. **Measurement and Impact** – in accordance with good management practice, procurement performance and outcomes should be monitored to support continuous improvement, and examples of good and poor practice openly shared.

*How will this be achieved?*

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<tr>
<td>• provide a standard framework of procurement measures that are proportionate and demonstrate engagement with the WPPS.</td>
<td>• Complete an annual return to Welsh Government of procurement outcomes, achieved through procurement.</td>
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<td>• Collate information and report to the Minister for Finance &amp; Government Business and Procurement Board for consideration in future policy development implementation.</td>
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MEASURES

Principle 10 of the WPPS commits the Welsh Government and the Welsh public sector to work collaboratively in the preparation and delivery of an annual return to measure adoption of the WPPS in Procurement activity across Wales. Table 1 identifies the scope of measurement.

Table 1

<table>
<thead>
<tr>
<th>Theme</th>
<th>WPPS Principle Link</th>
<th>Policy Link</th>
<th>Adoption Metrics</th>
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<tbody>
<tr>
<td>Resource &amp; capability</td>
<td>1, 2, 7, 9</td>
<td>- Welsh public sector Maturity Matrix - Procurement Training</td>
<td>• Procurement fitness check level</td>
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<td>• Level of professional procurement intervention</td>
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<td>• Evidence of commitment to continuous professional development</td>
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<td>Economic Impact</td>
<td>3, 4, 5, 6, 7, 8, 9, 10</td>
<td>- Sustainability Tools - E procurement service - Community Benefits - Joint Bidding Guide - Ethical Procurement Advice Notes - Supplier Qualification Information Database (SQuID)</td>
<td>• Savings from influencable procurement spend</td>
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<td>• Engagement with Welsh Business</td>
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<td>• Delivery of Community Benefits</td>
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<td>• Engagement with collaborative contracts and service provision</td>
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<td>• Adoption of e procurement systems</td>
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<td>• Adoption of low value advertising</td>
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<td>• Publication of contract award notices</td>
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<td>• Adoption of a proportionate, risk based approach</td>
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<td>• Use of the SRA</td>
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</table>
| Social Impact          | 3, 4, 8, 9, 10 | - Sustainability Tools  
|                       |               | - Sell2Wales  
|                       |               | - Community Benefits  
|                       |               | - Wales Infrastructure Investment Plan  
|                       |               | - Joint Bidding Guide  
|                       |               | - Ethical Procurement Advice Notes  
|                       |               | • Engagement with ethical procurement policies  
|                       |               | • Engagement with Welsh Business  
|                       |               | • Delivery of Community Benefits  
|                       |               | • Engagement with social enterprises, including supported factories  
|                       |               | • Use of the SRA  
| Environmental Impact  | 3, 4, 8, 9 | - Sustainability Tools  
|                       |               | - E procurement service  
|                       |               | - Sell2Wales  
|                       |               | - Community Benefits  
|                       |               | • Environmental impact of influencable procurement spend  
|                       |               | • Delivery of Community Benefits  
|                       |               | • Adoption of e procurement systems  
|                       |               | • Use of the SRA  |