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**Future
Generations**
Commissioner
for Wales

The Future Generations Report 2020



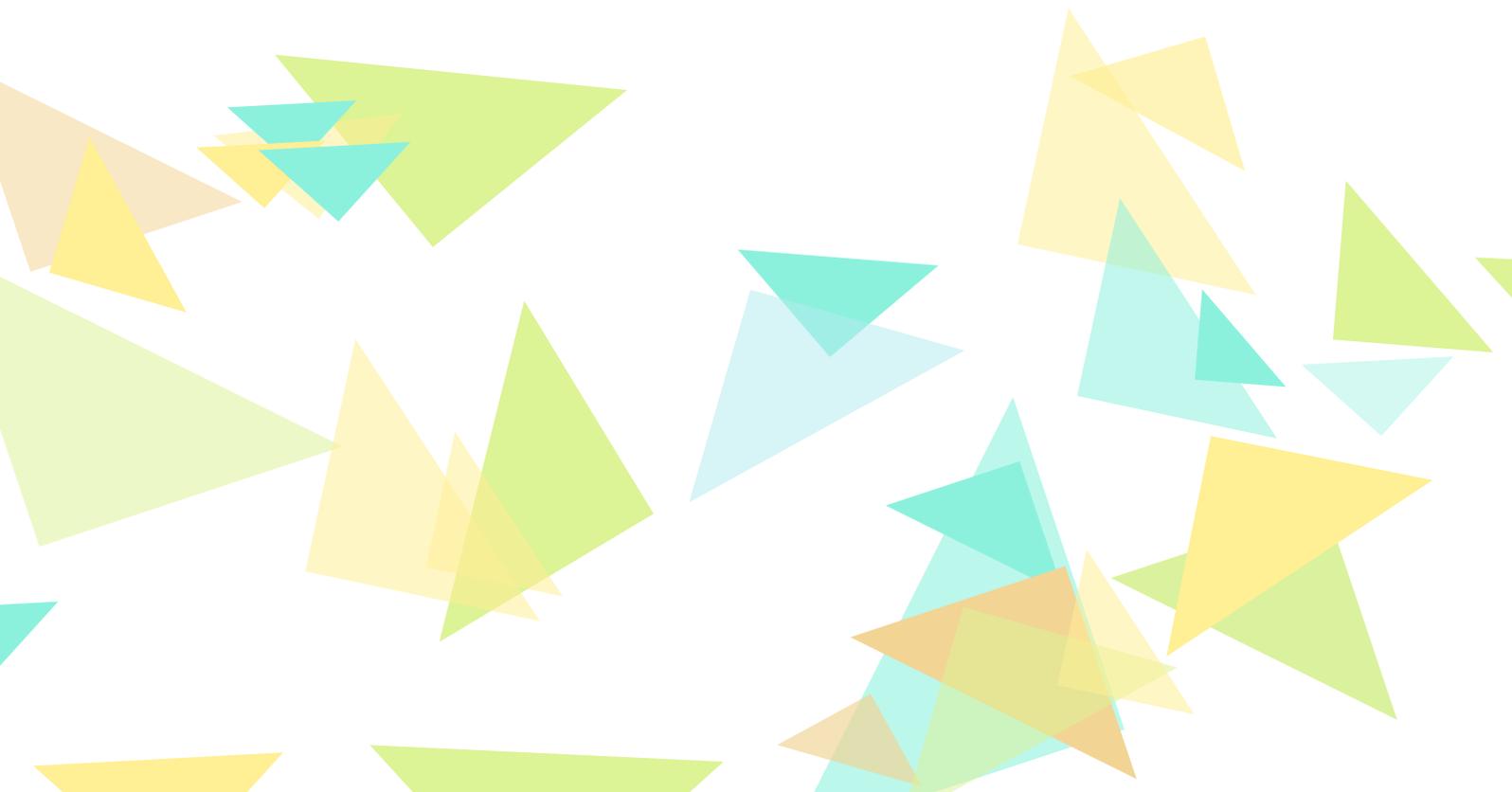
Let's create the future together

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Chapter 2

Leadership and

implementation of the Act



Future Generations Report 2020

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Spotlight on Procurement

The £6 billion-pound opportunity

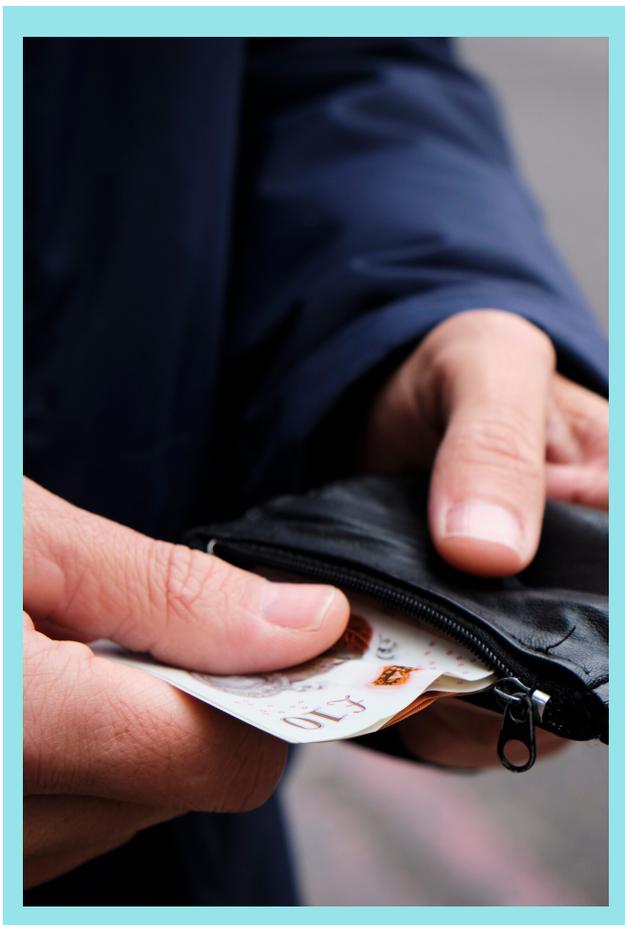
Public bodies in Wales spend over £6 billion each year procuring a range of goods, services and works; this represents nearly a third of total devolved Welsh annual expenditure, and it is estimated that over the next decade Welsh public services will spend over [£60 billion](#). Imagine what it could mean if this money was being spent on buying things AND improving the economic, social, environmental and cultural well-being of people and communities in Wales?

Wales has the opportunity to think about how and where to spend that money in the interest of current and future generations.

The Well-being of Future Generations Act should be the overarching framework for public procurement in Wales. Procurement is one of the seven corporate areas for change in the Act statutory guidance ([Shared Purpose: Shared Future, SPSF 1: Core Guidance](#)) and it must be a key area of focus for public bodies in meeting their obligations under the Act.

“The process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generation benefits to the organisation, but also to society and the economy, whilst minimising damage to the environment.”

Wales Procurement Policy Statement
definition of sustainable procurement



Vision for public sector procurement in Wales

The Well-being of Future Generations Act provides us with an opportunity to transform the way procurement is delivered in Wales. By moving towards an outcomes-based approach, we can ensure the £6 billion spent annually delivers the best outcomes across all four elements of well-being and helps to improve the economic, social, environmental and cultural well-being for current and future generations.

The overarching vision for a public sector with well-being at its heart is provided at the beginning of this chapter. In this vision, procurement is able to deliver long-term, tangible benefits and wider outcomes to Wales; going beyond the required community benefits, to maximise the impact procurement outcomes can deliver for our communities now, and in the future.

Procurement in line with the Act provides a significant opportunity for public bodies to make progress towards their well-being objectives and our national well-being goals. Considering procurement through the lens of the Act will help public bodies, and the companies they buy from and work with, to:

- Support local employment, skills and training opportunities for people of all ages ([A Prosperous Wales](#))
- Reduce our use of natural resources and promote a circular economy ([A Resilient Wales](#))
- Reduce our greenhouse gas emissions and contribution to climate change ([A Prosperous Wales](#) and [A Globally Responsible Wales](#))
- Improve our natural environment and protect biodiversity ([A Resilient Wales](#))
- Build more cohesive communities with thriving social enterprises and Small and medium sized enterprises ([A Wales of Cohesive Communities](#))
- Support better physical and mental health ([A Healthier Wales](#))
- Deliver decent work with fair and equal pay conditions ([A More Equal Wales](#))
- Reflect the diversity and culture of all our communities ([A Wales of Thriving Culture and Vibrant Welsh Language](#))
- Encourage greater ethical and global citizenship ([A Globally Responsible Wales](#))

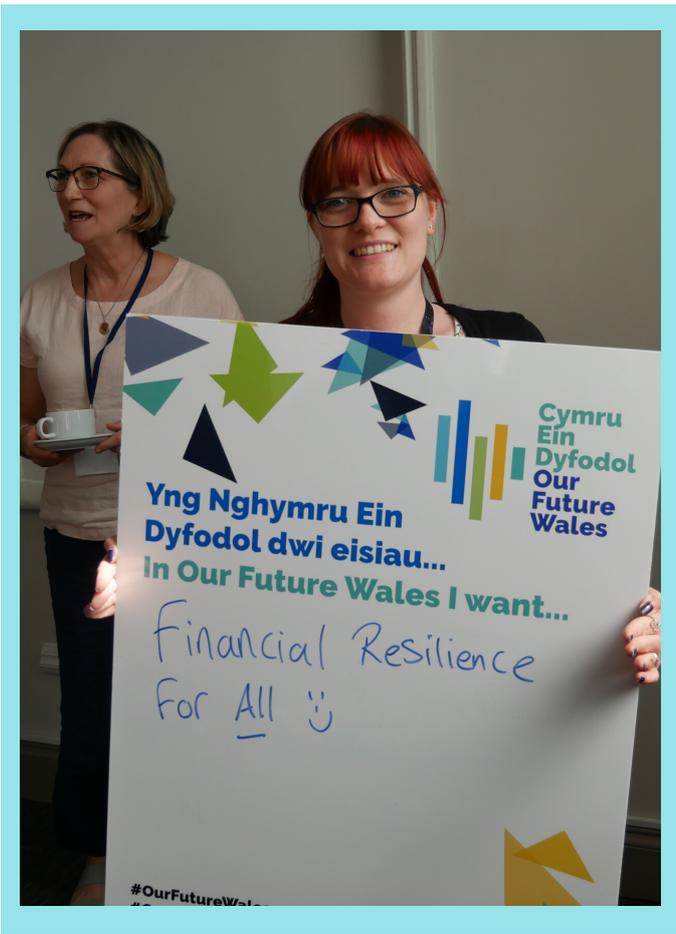


As part of my Art of the Possible programme, I produced ‘journeys’ for each of the seven well-being goals, as guidance for public bodies on the actions they and other organisations should be taking on their journey to meeting the goals. [Fair and local procurement](#) is a theme within a [Journey to a Prosperous Wales](#), and ethical [Consumption and Procurement](#) is a theme within a [Journey to a Globally Responsible Wales](#) – these journeys include steps public bodies can take along with examples and case studies.



People's perception of procurement

Listening to what people think and believe is an important part of involvement. That is why, in this section, I wanted to give a flavour of what people have told me, since the beginning of my term and in relation to this report. People's views included:



In [Ukraine](#), public sector procurement outcomes are monitored by its citizens. [The DoZorro online platform](#) provides citizens with the opportunity to provide feedback on how taxpayer's money is spent, ensuring that best value is achieved through commissioning and procurement. 'More than 930,000 of unique users have used the DOZORRO portal over two years and more than 84,000 of feedback units were recorded'.

“National Procurement Service - after all the cost, fanfare and effort of set up, effectively disappeared without trace.”

“Community Benefits are not scored effectively, so there is no value to being a local or Welsh company operating in Wales. No value to the local £ spent.”

“Best Value hurdle – public sector still sees lowest price as driving decision making on procurement, which is further impacted by austerity measures and budgets cuts.”

“Procurement is perceived to be about saving money. How can one consider whole life cost, if it always comes back to saving money?”

“OJEU (Official Journal of the European Union and EU (European Union) legislation are [perceived] barriers to preventing innovative procurement choices.”

“Great inconsistency in tendering processes between authorities.”

“There is no integrated implementation at Welsh Government level – it's all policy making in isolation.”

“No single constant definition of ‘value’.”

“A lack of succession planning and resourcing procurement to deliver for future generations.”

“Knowledge sharing is not in an open forum, but through local authority deals.”



Your Voice

In engaging with over 5,000 people, the views below are representative of the key issues which have been shared with my office in forming this report.

“I would like to see Wales continuing to take a lead in international justice, fair trade, working towards a better world. I would like to see fair trade embedded in the world of business and procurement, as well as climate change, being something that the world of commerce and importing takes action on.”

(The People's Platform)

“Procurement policies and practices are currently prohibitive to making the most of local services and goods. Welsh Government and local authorities [should] support local business instead of having policies suggesting they will but in reality don't, but then consult on procurement only for the system to remain the same.”

(The People's Platform)

“I would like to see Wales as a nation of global citizens, with an international outlook. Wales already has a positive impact on some of the world's poorest communities, but could do so much more - grow Wales as a fair trade nation, increase the capacity of Size of Wales.”

(The People's Platform)

“We need a Wales 'Responsible Procurement Strategy' which sets out standard sets of terms and conditions with key performance indicators aligned to the seven well-being goals and five ways of working. Tools embedded into the existing eProcurement tools that benchmark and measure the benefits achieved throughout the contract lifecycle that can give us a heat map of positive impact and benefits achieved, captured through a Social Value Platform or similar.”

(Big Ideas)

**I would like to thank the following
for their contribution to my
work in this area**

Dr Jane Lynch, Cardiff Business School, Cardiff University.

Professor Kevin Morgan, Cardiff University.

Catryn Holzinger, Audit Wales.

Vincent Hanley, Constructing Excellence Wales.

Emma Waldron, Wales Council for Voluntary Action.

Rhian Edwards, Wales Co-op Centre.

Keith Edwards, Foundational Economy network & Can-Do toolkit.

Milica Kitson, Constructing Excellence Wales.



COVID-19 and procurement

I want to acknowledge some of the examples where procurement has delivered positive outcomes while public bodies are having to deal with the impacts of COVID-19 across Wales. Procurement teams have been at the heart of this response, ensuring that adequate supplies of essential equipment are available, particularly in the health sector.

- Cardiff Council has received positive feedback on providing quick payment of small business grants;
- Welsh Government has set aside £15 million for a food delivery scheme. On request from their local authority, those most vulnerable can have [essential items delivered by Bidfoods and Brakes](#);
- Advanced Manufacturing Research Centre (AMRC) Cymru have adapted their capabilities to [produce an order of 10,000 ventilators in the Welsh Government-owned facility in Broughton](#).

COVID-19 shows us that procurement can be an [agile and powerful tool for innovation](#); examples of where a normal procurement process can take months, is being done in a small fraction of that. For example:

In [Wales](#), The Royal Mint, a producer of coins, [adapted their manufacturing capabilities](#) and created a medical visor, gaining mass production [approval within 48 hours](#). The medical visors are being supplied to [hospitals in Wales](#).



Procurement research and Section 20 Review

Procurement is an area of focus for my office in 2019-20. Working in partnership with Cardiff University, we have undertaken research to establish the extent to which the Act is informing commissioning and procurement decisions across all 44 public bodies in Wales. We are interested in:

the extent to which public bodies are embedding the Well-being of Future Generations Act into procurement contracts and frameworks, and in particular how they are taking into account the long-term impact of their decisions;

to what extent procurement is supporting delivery of the public bodies well-being objectives (and steps towards these).

Our research has included:

Preliminary desk-based research on published procurement policies and current guidance;

Considering progress public bodies are making in meeting their well-being objectives;

Stakeholder engagement at regional events and forums.

Information, submitted from 42 out of 44 of the public bodies, relating to how the Well-being of Future Generations Act is being applied to the public bodies commissioning and procurement approach and how well-being objectives are informing procurement decisions.

Findings from our research show that currently, there is no unified approach to applying the Act to public sector procurement.

Although there is evidence across the board that public bodies are taking steps to apply the Act during the procurement process, the research phase has identified leadership involvement and engagement, resources and capacity, along with the complex landscape as challenges for procuring sustainably.

Building on this initial research, I triggered a Section 20 review in March 2020 to formally examine the procurement practice of 9 public bodies. This will help me gain a more detailed understanding of how efforts to apply the Act to their procurement decisions are helping them to meet, or are taking steps to meet, their well-being objectives and how the statutory ways of working are informing their procurement approach.

In light of COVID-19 and the additional pressure being placed on public bodies dealing with the impact of the crisis, I have decided to pause this review and will reassess the situation in September 2020. The review will resume once there is less strain on the capacity of Chief Executives, procurement teams and colleagues who are understandably working hard to respond to the current pandemic.



Challenges and Opportunities for change

Multiple reports and inquiries over recent years have highlighted opportunities for change in procurement (Audit Wales, 2017; Assembly Public Accounts Committee Inquiry, 2018; Wales Centre for Public Policy, 2019). The 2017 report from the Auditor General for Wales found that public sector spend had a significant potential to drive social, economic, and environmental outcomes for the people of Wales. The report also found that although clear progress had been made in deepening the capacity of procurement to achieve positive social outcomes (especially since the adoption of the Well-being of Future Generations Act), there was clear scope for improvement in this area. [According to the Wales Centre for Public Policy](#), changes needed to implement sustainable public procurement include the use of contract clauses to integrate sustainability throughout the whole procurement process; enhanced engagement with the supplier market; and more effective ongoing contract management.

Public bodies are taking steps to apply the Act, but clear leadership, resources and capacity are challenges for delivering sustainable procurement.

Currently, there is a lot of focus on procurement as a lever for wider change, and consensus that more can be done to drive outcomes-based procurement. Taken together, this provides a renewed emphasis on the capacity and opportunity for public procurement to deliver positive economic, social, environmental and cultural outcomes for the people of Wales.

Develop leadership that supports a strategic approach to procurement, recognising the ‘power of purchase’

What future generations need

We need public service leaders and decision-makers to recognise the strategic potential of procurement by raising its profile and giving agency and authority to procurement professionals to embrace new ways of working. Officers need a clear mandate from politicians to enable them to accept higher upfront costs where these are needed to achieve longer-term, system-wide added value.

Commissioning and procurement need to be a strategic undertaking, and public service leaders need evidence about which approaches work best. We need our public bodies leaders to recognise that procurement can support and deliver strategic priorities and wider well-being objectives and outcomes. This vision and leadership, supported by appropriate structures and resources, should connect the organisation’s well-being objectives with its approach to procurement, as this will enable the ‘Act champions’ that operate within procurement teams to deliver wider value.

Procuring sustainably throughout the public sector in Wales requires senior champions who will set a strategic vision, commit to effecting change, take ownership over targets and drive good practice throughout their organisations. The Act provides an opportunity to deliver innovative procurement; procurement that is focussed on long-term value and achieving better outcomes for Wales.



Where we are now

There is renewed political commitment towards ensuring procurement is a lever in driving wider ambitions but as yet there is no clear national procurement strategy, process or support to share learning and drive improvement across the public sector in line with the Well-being of Future Generations Act

As highlighted by the Wales Centre for Public Policy (WCPP) in their report on Sustainable Public Procurement (2019) procurement services have been criticised recently by both Audit Wales and the National Assembly's Public Accounts Committee.

Following a review and consultation of current national structures, the then Cabinet Secretary for Finance announced (in 2018) the cessation of the National Procurement Service in its current form over time and the development of a new procurement strategy. This written statement sets out several priorities for Welsh public procurement, including: "greater focus on delivering collaborative procurement agreements aligned to regional and local priorities... to afford maximum access to Welsh suppliers [and] complement the aims set out in the Economic Action Plan, the decarbonisation programme and support our drive to make Wales a Fair Work nation by leveraging fair work outcomes from public spending and procurement practice."

Since then, there has been a growing appetite for generating greater social and economic return from the £6 billion annual public procurement expenditure across Wales.

Numerous Welsh Government initiatives now call for procurement to be used to lever broader social, economic and environmental outcomes, including generating fair work, boosting local economies, lowering the carbon footprint, and preventing human trafficking in supply chains. However, there is still no clear national strategy, process or support to share learning and drive improvement in line with the Well-being of Future Generations Act.

Leadership at the national and local level is inconsistent and current guidance is insufficient in providing the necessary support to embed the Act. Many public bodies are expected to follow the national procurement strategy. However, the [Wales Procurement Policy Statement](#) (WPPS) has not been updated since 2015 and is therefore not in line with the Act. I have already called for this statement to be updated to reflect the requirements placed on public bodies as part of the Well-being of Future Generations Act. This update has yet to be done.



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The Welsh Government's 'A More Equal Wales: Strengthening Social Partnerships' White Paper (November 2019) proposes a 'Bill to strengthen our social partnership arrangements', including a requirement for 'specified public bodies to [produce a procurement strategy in line with statutory guidance](#)'. To maximise impact, this should be accompanied by guidance on how to develop a procurement strategy in line with the requirements of the Well-being of Future Generations Act.

There are examples of where a strategic approach is being taken by leadership to consider future generations. In 2019, Welsh Government committed to investing £100 million in the Tech Valleys Project over the next ten years. This investment is delivering better jobs closer to home, within the new technologies and advanced manufacturing sector, establishing a [National Digital Exploitation Centre in Ebbw Vale](#). The Centre is home to excellence for digital and cybersecurity.



“We need a change programme built on a basis of committed relations and agreed ambitions. This should focus on the political process and create “alliances for change” to collectively empower those who want to change, focusing on specific issues and activities where we can achieve change; this will required long-term and sustained collaboration, facilitation and learning through engaging change-makers and establishing communities of practice. The focus has to be on proactively facilitating this change through working with, and getting buy-in from key stakeholders, starting with a few sectors initially. Procurement is only part of the story and change will be required across the whole supply chain.”

Professor Karel Williams, Professor of Accounting and Political Economy, Alliance Manchester Business School.

There is no clear national procurement strategy, process or support to share learning and drive improvement in line with the Well-being of Future Generations Act

A recent report published by Welsh Government - Progress towards the development of a [new procurement landscape in Wales](#) – provides an update on their recent work as well as setting out their new way of working going forwards.

I was disappointed to see that the Act is not highlighted as a framework underpinning their approach. To make Welsh Government’s narrative more helpful for public bodies, the document should include a clear explanation of how the Act should be the framework for public procurement in Wales and the links between delivering policy and the seven national well-being goals.



Welsh Government has recently developed guidance for the [public sector on decarbonisation](#), and a Decarbonisation Dashboard to enable public bodies to analyse the carbon intensity of their expenditure. This is a helpful resource, but it adds to the plethora of existing guidance, and if not integrated with other requirements could be seen as an additional burden.

During my procurement research, many public bodies shared their procurement guidance documents. This evidence showed there is a lack of consistency in the guidance produced by each public body to embed the Act throughout the procurement process.

Wales' three fire and rescue services have collaborated and produced a joint procurement strategy (2017-2022) outlining their procurement objectives and steps to meet these objectives that will encourage and promote best practice. One of their objectives is 'Measurement and Impact - to measure improvement within procurement by implementing a performance measurement framework' which has a clear link to procurement. However, the strategy does not reflect all four dimensions of the Act because cultural well-being is absent from their objectives.

Swansea Council's Procurement Guidance Document states that the 'five ways of working underpin everything we do' and they provide examples of how to consider each of the seven well-being goals within procurement. This is welcome, and I would encourage them to extend the guidance to include considering the steps that could be taken to meet their well-being objectives.

WRAP Cymru are providing support to public bodies, highlighting how the use of recycled content and re-used goods can deliver [sustainable procurement outcomes](#). Outcomes from WRAP Cymru case studies could be considered at a leadership level when developing procurement strategies to support the delivery of procurement outcomes in line with the Act.

All public bodies, with Welsh Government leading by example, should review their procurement approach and activities, to identify opportunities to maximise the social, economic, environmental and cultural impact of their spending decisions.

All public bodies, with Welsh Government leading by example, should approach all procurement decisions through the lens of the Act – by applying the five ways of working, considering their well-being objectives and/or steps and how to maximise contribution to the seven well-being goals at the very beginning of the process even at pre-procurement stage.

This should not be a tick-box approach, and the first question that should be asked at the start of every procurement process is: how will this [framework/contract/tender] help us to deliver our strategic priorities and well-being objectives? The outcomes delivered through procurement should then be reported to senior leadership on a regular basis. They should also include the outcomes of this review in their reporting under the Well-being of Future Generations Act and fully evaluate its implementation and impact to contribute to the generation of evidence on 'what works' in Welsh and local contexts.



The NHS Wales Shared Services Partnership's (NWSSP) Procurement Services procures on behalf of all health boards in Wales. They use a Savings/Benefits Template, which is a checklist to show how each procurement has considered the seven well-being goals and five ways of working, but with no opportunity to explain how the outcome took steps to meet the Act. In one specific case study shared by NWSSP, looking at purchasing MRI anesthetic machines, ventilators and baby incubators, with an approved allocation in the region of over £300,000, the outcome of this exercise focussed on the cost savings (of more than £140,000) rather than any other outcomes that could be achieved. Their consideration of the long-term was also unclear. This reflects the current cost-savings mentality, where procurement decisions are not viewed through the lens of the Act.

The Savings/Benefits Template is also used to measure savings across multiple health boards, but there is no examination for how the decision is supporting steps to meet each health boards' well-being objectives.

One Savings/Benefits Template shared by NWSSP referred to 'Towards Zero Waste' as an additional benefit as part of the saving. However, only two of the health boards have well-being objectives linked to waste reduction, resulting in missed opportunities to contribute towards other organisational well-being objectives.

Procuring well-being: a focus on outcomes and measuring what matters

What future generations need

“We need to focus on the outcomes and not the process of procurement.”

Steve Edwards, Director of Regulation & Commercial Wales & West Utilities.

We need public bodies to consistently consider procurement through the lens of the Act, making the Act central to commissioning, procurement, monitoring, and evaluating outcomes. Redefining what we mean by 'value' would enable public bodies to consider how they can improve social, economic, environmental and cultural outcomes through their procurement decisions, providing evidence of how procurement spend contributes to delivering their well-being objectives. Including specific contract clauses focussed on sustainability and well-being, and weighting these as part of the scoring, equal to the cost and quality considerations, would support outcomes such as:

- zero carbon, resource-efficient buildings and infrastructure;
- a circular economy and encouraging the reuse and recycling of goods and materials;
- deliver social value through all procurement contracts;
- procurement of good-quality local food, which can have a positive impact on health and support local businesses as well as reducing their carbon footprint.



- work effectively with local supply chains to increase apprenticeships available to local, young people
- ethical supply chains and Fairtrade
- procurement policies and tendering processes which take into account applicants' efforts to create more inclusive workspaces and impact on black and minority ethnic (BAME) communities globally, such as modern slavery
- supplier take-back agreements where the supplier returns the product at the end of its life to [re-use, remanufacture and recycle it.](#)

Measuring social value, beyond the current community benefits focus on targeted recruitment and training, offers a way for public bodies to capture and quantify the wider benefits that can be achieved through their procurement activity. Public bodies need a simplified process, minimising the information required, with simplified guidance (condensing and prioritising the plethora of existing reports, toolkits and resources), and consistent support, together with a greater focus on better contract management, to ensure delivery of outcomes aligned to the Act.

Where we are now

The procurement process has improved considerably over the last decade; however, there is still too much focus on process and not outcomes

During research I have conducted, I have found that some public bodies are meeting the 'spirit of the Act' while not necessarily taking clear steps to meet their well-being objectives or applying all five ways of working. Public bodies may be applying the ways of working but are not recognising or evidencing that this embeds the Act. A common example is that very few public bodies mention prevention or allude to preventative measures in their approach to procurement.

One public body shared numerous examples of initiatives that illustrated they are taking steps to meet the spirit of the Act, including procuring biodegradable cups, diverting food waste from the sewer and using local suppliers. Whilst this is to be commended, they were not relating this back to their well-being objectives and were missing opportunities to drive progress on their objectives through their procurement decisions.



When considering how public bodies are embracing the ‘spirit of the Act’ the weakest evidence relates to cultural well-being, even though culture is clear in many well-being objectives, such as:

- To protect and promote the local culture of language, arts and heritage of the area;
- Act as stewards of our cultural and natural heritage for the future generations of Wales;
- Build resilient communities, culture and language.

Public bodies are not consistently aligning their procurement approach to their organisational or well-being objectives and procurement activities do not consistently apply all five ways of working.

The 21st-century schools programme provides an opportunity for public bodies to deliver outcomes linked to the Well-being of Future Generations Act. Through our research, we have seen evidence from some public bodies who are part of this programme delivering outcomes aligned to the Act, such as low/zero carbon schools. However, this isn’t happening consistently, and feedback from the construction sector has highlighted projects that are not seeking opportunities to contribute to all national well-being goals.

The Circular Economy Model for construction, developed by [Constructing Excellence in Wales](#) (CEW), is a comprehensive guide that helps consider the elements of well-being at each stage of construction projects, illustrating opportunities to maximise contribution the Act.

There is some commitment in Wales to deliver sustainable outcomes, as evidenced by over 150 organisations committing to the [Welsh Governments Ethical Code of Practice \(2017\)](#). The code asks public, private and third sector organisations to commit to a series of actions which are designed to tackle illegal and unfair employment and working practices.

Also, there is a lack of evidence of the potential impact that can be achieved through outcomes-based procurement. Evidence from across the EU and beyond acknowledges the progressive role that procurement can play in encouraging the implementation of linked policy objectives.

These case studies and best practice guidance demonstrate a range of ways in which sustainability can be incorporated into public sector contracts. However, these are primarily descriptive, with little data on outcomes, impact or value for money. Despite the numerous examples of sustainable procurement in action, the evidence is scarce on impact, particularly in terms of wider benefits that can be achieved to communities, society and the environment.

Research commissioned on behalf of the [UK Sustainable Procurement Task Force](#) showed the benefits of sustainable procurement. In the case of introducing video conferencing for court appearances - the procurement project replaced the transportation of prisoners to court for remand and other non-sentencing hearings by video links and produced benefits which exceed the costs of the video conferencing. Discounting over seven years, the life of the video conferencing contract, produces a net profit value of £645,776 at a 3.5% discount rate. As well as cost-savings, this had resulted in wider social benefits as well.



Measuring ‘community benefits’ has been in place for many years in Wales, but the reporting and impact of this are not widely shared

Welsh Government introduced guidance on [Community Benefits in 2014](#), stating that the inclusion of ‘community benefits’ or ‘social requirements’ in public sector procurement is designed to ensure that wider social and economic issues are taken into account when tendering construction, service or supplies contracts. Some public bodies have successfully used community benefits to achieve wider outcomes; however, the impact of this is not reported or shared.

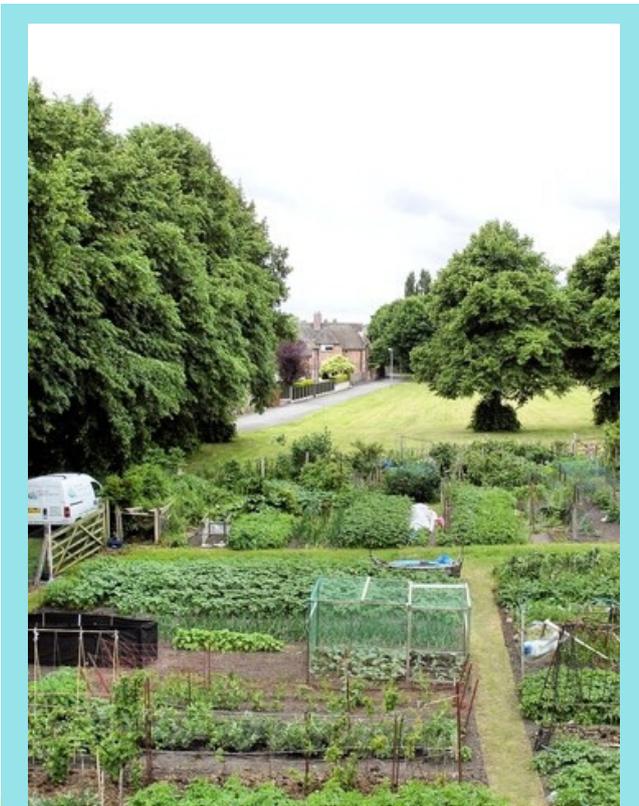
[Caerphilly County Borough Council](#) have [embedded community benefits into their Welsh Housing Standard Quality Programme](#). This resulted in the provision of training opportunities, 44 work placements, 114 permanent jobs and 58 apprenticeships that have been created with the in-house service, external contractors and the council’s supply partner

Other public bodies are looking at extending community benefits to encompass social value, to capture wider benefits that contribute to the long-term well-being and resilience of individuals, communities and society in general:

[Conwy County Council](#) has included social value clauses in their key procurement exercises. The development of [Coed Pella](#) is an excellent example of using procurement for social value gain. The culture centre is currently being built and has a construction work placement referral from OPUS providing opportunities to someone who is long-term unemployed. The council is analysing how well they are supporting and facilitating the development of social value organisations in Conwy, ensuring everyone sees the benefits and champions this approach.

“The standard model for measuring community benefits is the Value Wales community benefit measurement toolkit... it’s over-complex and despite it being mandatory, between 2014 and 2017 it had only been applied to £310 million-worth of contracts out of a potential £12 billion. My view about measurement is, if we need to demonstrate outcomes, I would go back to the Future Generations Act. There’s a framework there where, if we get smart measures, you should be able to, across Government, across departments, clearly understand what the impact of the work we’re doing in the foundational economy is.”

Keith Edwards, independent housing consultant and founder of Can-Do toolkit.



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The Wales Co-operative Centre's Social Business Wales has developed social value questions linked back to the [Well-being of Future Generations Act in its tenders](#). There is currently no guidance on this for public bodies; however, the Welsh Local Government Association are currently exploring the development of a social value measurement framework for local authorities in Wales based on the well-being goals.

Measuring social value includes considering local procurement opportunities. The National Assembly for Wales Economy, Infrastructure and Skills Committee's recent report [Procurement in the Foundational Economy](#) recommends that Welsh Government should provide further clarity on defining local procurement and how successful local procurement is determined. There are some sustainability considerations outlined in the [Welsh Government 'Procurement: guidance on supplier selection' document, \(2020\)](#). However, guidance on delivering local procurement outcomes, aligned with the Act, needs to be more comprehensive.



Big Idea

Public bodies could omit the price element of the tendering process and simply make tenders on 100% quality metrics based around the seven well-being goals. Public sector developers can publish their forecast cost for the service/works and ask tenderers how much extra they can deliver beyond a published set / minimum specification of requirements. It's still a competitive tender, but it's on quality not price.

Utilising existing sustainability indicators is one way public bodies could be taking steps to meet the Act, where it is not always feasible to embed community benefits. For example, the Sports Council for Wales now procures certified Fairtrade coffee and Rain Forest Alliance tea. Public bodies should explore opportunities to procure sustainably certified products whenever possible.

A 2019-2020 project part-funded by the EU's Trade Fair Live Fair Project, managed by the Fair Trade Advocacy Office, called 'Journey to A Globally Responsible Wales: Fair & Ethical Procurement' showcased good practice and practical steps linked to sustainable consumption and production. A network was created to discuss opportunities in the fields of food, energy and plastic/waste and to share good examples. The project also highlighted six projects, two on decarbonisation, two on plastic, and two on Fair Trade, with one of these delivering a 300% increase in outcomes to Fair Trade farmers in Uganda. [The conclusions and recommendations from this project](#) could be considered by Welsh Government and public bodies to support the delivery of sustainable procurement outcomes.

Welsh Government and public bodies should provide clear evidence for how their procurement activities are supporting the delivery of their well-being objectives

Welsh Government and public bodies should include specific contract clauses linked to well-being objectives/goals in every public sector contract and framework, using social value measures to capture impact.



Public Health Wales 'Making space for nature'

Public Health Wales are considering the outcomes of their procurement decisions and taking steps to meet its biodiversity duty through five areas of action through their 'making space for nature' plan. Examples of the steps being taken include diverse planting, wildflower areas for pollinators, and leaving areas of unmown grass, involving staff and seeking expert guidance from Natural Resources Wales.

IT fit for future generations

Circular Computing's mission is to deliver premium, enterprise-grade IT products that don't cost the earth. Today's laptops are already perfectly fit for purpose. Over 160 million new laptops are made every year, 160,000 are disposed of every day in the EU alone, and [70% of those laptops could be reused](#). For every remanufactured laptop they sell, Circular Computing plant five trees, invest in social and renewable energy programmes, creating significant social impact. Their products are verified carbon zero. Their ambition is to change how the public sector purchase and use technology through innovation and a sustainable approach. Lessons from Circular Computing could be applied to public sector procurement, [specifically design for disassembly](#), where there is a consideration for how the product could be deconstructed. This provides more opportunities to "[regenerate products and materials at the end of each service life](#)".

Focussing on longer-term financial planning

What future generations need

As highlighted elsewhere in Chapter 2, a continued focus on short term financial planning is a key barrier to implementing the Act and the same is true in terms of opportunities to apply the Act to procurement better. We need to adopt the 'procurement flip', that is, taking a long-term view of value and challenging the lowest price default position so that the outcomes and wider benefits that can be achieved are considered just as much as the up-front cost.

For construction, Welsh Government should also move to whole life value-based assessments which consider both capital and operational costs, and not simple capital expenditure (money spent purchasing or maintaining fixed assets) assessments, encouraging new ways of working to deliver better quality within the current capital expenditure funding restrictions.

Where we are now

There is too much focus on short-term cost versus delivering wider outcomes

For far too long, procurement decisions have been made mainly based on financial cost. While public bodies need to be able to demonstrate responsible spending and value for money, public bodies should be focussing on costs and benefits over the long-term including non-monetised costs or impacts (e.g. costs to people, communities or the environment).

A key barrier to sustainable procurement has been that it can cost more at least in the short-term, especially when whole-life costing isn't considered, even if it does offer long-term savings and wider 'value'.



There is no consistent agreement of the wider 'value' that could be achieved. Annual budget setting is also a significant barrier where delivering well-being for future generations through procurement decisions is limited by this short-term approach.

Public bodies are placing greater weighting on quality (and added value as a sub-set within this), but in practice when this is weighted higher than price, pressure is often put on public bodies to accept the lowest bid.

Over ten years ago, the UK Sustainable Procurement Task Force showed that sustainable procurement, when seen as an organisational priority, questions the need to spend, cuts out waste, seeks innovative solutions and is delivered by well-trained professionals will reduce public spending, rather than add to it in [both the short and the long run](#).

During my research, one local authority shared a case study of the construction of a school commissioned for £7 million, with a requirement for this project to achieve Passivhaus certification. There is evidence that they have considered each of the five ways of working and an explanation for how the project is meeting ten out of their 15 well-being objectives, including to look after the environment now and for the future, promote Welsh language and culture as well as help children live healthy lifestyles.

Another local authority shared a case study of the construction of a primary school, where their Quality Submission Guidance and Questionnaire does not refer to their duty to meet the requirements of the Act. Although some questions included in the document could be interpreted as taking steps to meet the Act, contribution to the very broad well-being objectives such as [economic development and regeneration, education and, efficient council](#) is not outlined. The lessons learnt from similar projects that comprehensively applied the Act should have been considered to avoid missed opportunities and potential to deliver wider outcomes.

“We would like to see local authorities being supported to help understand, care for, and help build resilient public leisure and culture services, which should be commissioned by what can be delivered rather than procurement being driven by lowest cost. To be resilient and sustainable, services contracts (if the services are delivered in partnership with a charitable trust) need to be built on collaboration, be outcomes-based, with shared risk, open book accounting, commissioned rather than procured, balance cost-effectiveness and cost-efficiency, and importantly move away from turning “leisure” in Wales into a potential race to the bottom.”

Community Leisure



A focus on construction

Recommendations by Constructing Excellence in Wales in their 'No Turning Back' report, published in 2010 and reviewed/updated in 2015, focused on **construction procurement**, which is an area of considerable public sector spend. While several positive developments have been made in this time, progress has been patchy. One of their more interesting findings is that a 'focus on procurement may have been counter-productive. Procurement is not just tendering. It should be about a holistic approach to planning, bringing partners on board and delivering to satisfy stakeholders' requirements. It does seem that the industry has become bogged down in prescriptive detail about processes and initiatives when the real issue is delivery and delivery of best value (not lowest cost)'.

A specific issue for infrastructure programmes is the artificial division of Capital and Operation (Capex / Opex) budgets. This does not represent value for money and facilitates short term decision making through encouraging consideration of short-term cost at the expense of long-term cost or value. These two strands need to be brought together into one budget to deliver an approach consistent with the Act.

The construction industry is committed to supporting clients, contractors subcontractors and suppliers to transform procurement through collaborative procurement. Constructing Excellence in Wales have already established a procurement steering group working to bring together a cross-sector of key individuals and organisations in their fields to tackle the barriers, and focus on solutions.

It also works with a wider leadership group to bring together all elements of the procurement process, planning specification and measurement to identify barriers and offer new ideas to achieve the maximum benefits from construction projects in Wales.



Big Idea

Create a centre of [construction] procurement excellence where specialist teams lead procurement together with all resources in place, to aid consistency and deliver the maximum benefit. They will work to a 'Wales Standard' which will include requirements and standards for construction based on the Act to drive efficiency, cut out waste and build a green economy for the future. Welsh Government should also create an Innovative Construction Programme extending the current Innovative Housing Programme (IHP). This could create 'innovation demonstrators' and be an opportunity to bring organisations together around opportunities for decarbonisation and clean energy.



Constructing Excellence Wales Procurement meeting



Promote effective collaboration, with each other and suppliers, to improve sharing, learning, capacity and skills

What future generations need

Public bodies need to build procurement skills and capacity across the organisation, with training based on adopting the five ways of working and opportunities to contribute to their well-being objectives and in turn the seven national well-being goals. Public bodies should collaborate with others, including suppliers, through a range of formal networks, to share good practice to drive ambition, capacity and capability to adopt sustainable procurement practices.

There also needs to be an increased focus on maximising the opportunities to increase capacity, possibly through more effective collaboration, to procure more effectively within Wales. Public bodies could also increase the social and environmental standards required in contract arrangements with suppliers to influence the broader supply chain.

We also need to invest more in professional development for procurement professionals to tackle known deficits in knowledge, skills, capacity and resources that hinder the effective implementation of sustainable procurement. Public bodies should embed co-production and co-design procurement involving the ‘3 Cs’ – clients, contractors (including SMEs and social businesses) and communities – to set objectives, define value, specify community benefits and make processes easy and accessible. To strengthen involvement, there needs to be a significant emphasis on building long term relations within and across sectors.

Where we are now

Structures for collaboration and learning across Wales are in place but lack national coordination and support especially to facilitate collaboration across different sectors, e.g. local government and health

Networks such as the local authorities Heads of Procurement network, facilitated by the Welsh Local Government Association, are already working together to explore opportunities to deliver wider outcomes through procuring on a collaborative and regional basis and sharing learning.

They are currently exploring the development of a social value model that can be adopted by public bodies in Wales to demonstrate the wider value that can be achieved through procurement. Other examples include the North Wales procurement forum and Ceredigion procurement forum which brings together Public Services Board partners to share resources and learning. A joint procurement service has been established between Flintshire and Denbighshire County Councils to identify opportunities for collaborative working to maximise economies of scale. To date, ten collaborative projects have been procured jointly with a further ten projects identified.



Opportunities for sharing information and learning appear limited and don't involve a wide cross-section of organisations or partners

Collaborative arrangements seem to be in flux since the changes announced to the National Procurement Service. Evidence gathered from public bodies shows that frustrated champions are working to deliver positive procurement outcomes, often without wider organisational or leadership support, with case-studies demonstrating the long-term impact of procurement outcomes. However, lessons from these outcomes are not being applied throughout frameworks and collaborative procurement, leading to a gap between the potential and actual outcomes being achieved.

Four housing organisations in [Blaenau Gwent](#) (Linc Cymru, Melin Homes, Tai Calon and United Welsh), along with Blaenau Gwent Council Economic Development Unit, Wales Co-operative Centre and Coalfields Regeneration Trust [have joined up to look at opportunities to work together to support SMEs](#). Almost 90% of businesses based in Blaenau Gwent are small firms with a workforce of under nine people. They are aiming to understand the assets housing associations bring to the foundational economy of Blaenau Gwent and identify projects where greater collaboration between housing associations and other partners could build foundational economy opportunities.

Gwent Regional Partnership Board

There is a pooled funding arrangement to commission care home accommodation for older people via the Gwent Regional Partnership Board (GRPB), consisting of five local authorities and the health authority. The arrangement demonstrates steps to meet the Well-being of Future Generations Act and reflects locally agreed priorities.

Fire and Rescue – Strategic Contract Plan

The [Fire and Rescue Services in Wales](#) have a five-year Strategic Contract Plan for collaborative procurement on specific contracts, where there is a strong consideration for SMEs and pre-tender engagement.

Findings from the research I conducted found procurement professionals recognise the strategic role procurement can play in embedding the Act when it is correctly resourced and functions in collaboration with other departments. It is predicted that in future, ['procurement and supply chain will combine to create a single strategic function.'](#) Organisations such as the Chartered Institute of Procurement & Supply (CIPS), along with academic bodies and others could have a key role in terms of improving skills and sharing learning. However, facilitating increased collaboration and learning across public bodies will also help.

The [Cardiff Council Student Placement Scheme](#) is an example of investing in succession planning and developing additional skills within the procurement profession. Additional knowledge transfer partnerships across Wales would improve the capacity to ensure sustainable procurement for future generations.



Carmarthenshire County Council – Construction Project Case Study

Funded by Welsh Government’s 21st Century school programme, Carmarthenshire County Council used the South West Wales Regional Contracts Framework (SWWRCF) to embed the delivery of community benefits and sustainable ways of working. Notably, the project will achieve Passivhaus certification and BREEAM ‘excellent’ certification, with project bank accounts (a ring-fenced bank account from which payments are made directly). The project builds on existing frameworks and demonstrates clear links to the five ways of working within the Act as well as the local authority’s well-being objectives.

Promote a can-do mindset and attitude

What future generations need

Changing mindsets, culture and behaviours is critical to supporting new ways of thinking and working. The Act provides public bodies with the permission and ambition to be brave and bold and adopt a new approach to procurement which has a far greater focus on long-term outcomes.

Where we are now

Procurement is sometimes treated as a transactional process, and transformational opportunities are not being maximised

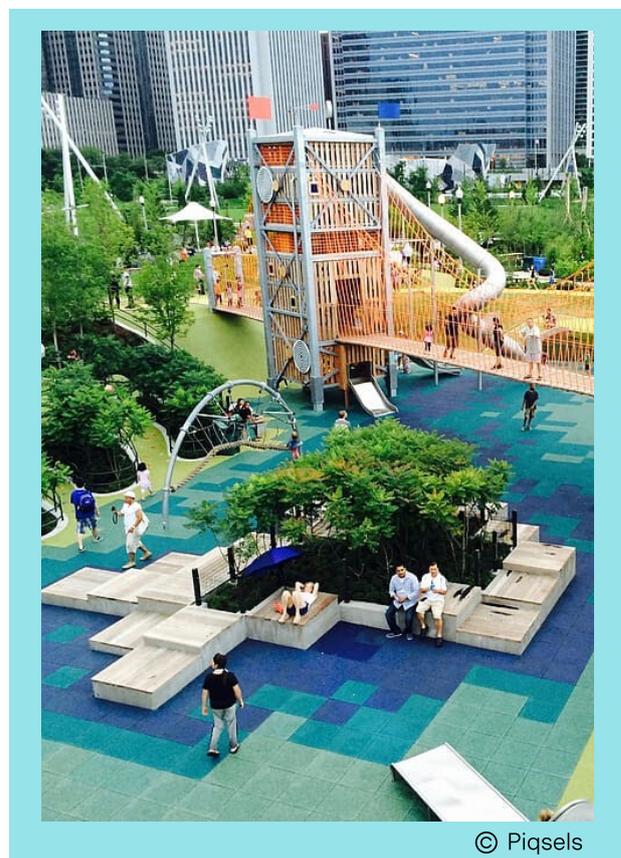
Too much focus on process and not outcomes: up until now procurement has been done in a certain way, following procedures deriving from EU regulations. It is often seen as a blocker rather than an enabler, a transactional rather than a

transformational process that can contribute to the achievement of wider objectives and outcomes.

Austerity has driven a culture of striving for the lowest cost rather than achieving wider benefits, and there is a perception that ‘sustainable procurement’ can cost more at least in the short-term even if it offers long-term savings. This needs to change, and we need to embrace procurement as a tool for change.

There are future generations champions (sometimes frustrated) within our public bodies who are working to deliver positive procurement outcomes often without wider organisational or leadership support

Through our research, we have found pockets of good practice led by ‘frustrated champions’ within public bodies who are working to deliver positive procurement outcomes, often without wider organisational or leadership support.



Foundational Economy & Community wealth building

Over the last 12 months, Welsh Government has had an increased focus on supporting Wales' foundational economy – industries and firms which locally deliver basic goods and services to support our everyday needs, the homes we live in, the energy we use, the food we eat, and the care we receive. Estimates suggest they account for [four in ten jobs and £1 in every three we spend](#).

Wales is the first country in the world to adopt the foundational economy approach at a national level – they launched a £4.5 million challenge fund in 2019 to support [52 innovative projects across Wales](#), to spread and scale best practice, and a focus on how Public Service Boards can maximise the social value of procurement through maximising local spend as has been achieved in Manchester and Preston.

Public Services Boards should proactively prioritise how they can collaborate and use their spend to maximise social value, contribute to their well-being objectives, and improve well-being on a local level.

Build on established frameworks, including legal

What future generations need

Future generations need public bodies to collaborate and embed the Act within all procurement frameworks and ensure that individual contracts maximise opportunities to deliver outcomes that contribute to public bodies well-being objectives and the seven national well-being goals. Information on what works well needs to be shared, with good practice being implemented as standard.

Where we are now

There are opportunities to support innovation that need to be better understood

It is perceived that OJEU and EU legislation are barriers to prevent innovation in procurement; however, there are lots of opportunities within existing regulation to support innovation and these need to be better understood and used to support innovative approaches.

Frameworks such as the South East & Mid Wales Collaborative Construction Framework (SEWSCAP) and its equivalents across Wales are already facilitating a more sustainable approach to procurement across Wales through delivering community benefits, supporting SMEs and boosting the local economy. However, these frameworks are not mandatory, and public bodies need to ensure that the standards set by frameworks are followed.

When implementing the Can Do toolkits, the housing sector found that regulations were not a barrier and that it was possible to get 'local jobs' without breaking the [rules](#). The Wales Centre for Public Policy report also concluded that the existing legal framework is supportive of sustainable public procurement and provides scope to strengthen current practice. It is possible to simplify processes to encourage smaller organisations to successfully tender, and public bodies need to be more confident about applying these approaches.

Public bodies should capture lessons learned based on the outcomes of current frameworks to ensure opportunities to embed the Act are maximised in future.



Can-Do Toolkit

The [Can Do Toolkits](#), developed by the housing sector back in 2008 revolutionised the way the housing sector procures, using investment to deliver jobs, training and other benefits for local communities. It challenged the conservative procurement orthodoxy, and ten years on the Act provides a huge opportunity to adopt this approach across the public sector.

In the first 5 years [5130 job and training opportunities were created](#), equating to 19.7 opportunities per week, and involving over 50 organisations.

More recently [Community Housing Cymru](#) has shown how housing associations in Wales are delivering economic and social benefits in local communities across the country, with 84p of every £1 spent staying in Wales. Their 2019 report shows that:

- 84% of the £1.2 billion spend by housing associations remained in Wales;
- Gross value added to the Welsh economy was £886 million (up by 20% in the last year);
- 23,000 full time equivalent job roles were supported by the housing sector;
- £4 million was spent on training tenants with 8,000 people receiving employability and skills.

Monmouthshire School Milk Comparisons Assessment and options (2019)

With the involvement of key local stakeholders, [Monmouthshire County Council](#) conducted a thorough assessment of the impact of changing single-use plastic milk bottles in schools, to reusable glass bottles. Findings show a reduction in greenhouse gas emissions, plastic waste and milk wastage while using local suppliers. This example illustrates Monmouthshire County Council are taking steps to meet the Act, considering a long-term approach to procurement by changing their mindset and behaviour.

Other local authorities are now considering this switch following challenge from school children who are focused on the environmental impact. However, if a future generations framework had been applied from the outset, this would have been addressed at the point of tendering. [WRAP's Plastic Route Map](#) outlines a 2025 target that there should be 30% recycled content in plastic packaging produced in Wales.

When the [States of Jersey](#) commissioned a new public transport network in 2013, they were not looking to procure a supplier, but rather a partner that could work with them to grow ridership, reduce subsidy and create a bus network that the island could be proud of for both resident and visitor. Each step they took in the procurement process was with [creating such a partnership in mind](#)". This example illustrates what can be possible by changing the approach to procurement, prioritising a long-term focus.



Procurement recommendations for Welsh Government

Policy Recommendations

Welsh Government should:

- Approach all procurement decisions through the lens of the Act – by applying the Five Ways of Working, considering their well-being objectives and/or steps and how to maximise contribution to the seven well-being goals at the very beginning of the process even at pre-procurement stage.
- Provide clear evidence for how their procurement activities are supporting the delivery of their well-being objectives.
- Include specific contract clauses linked to well-being objectives/goals in every public sector contract and framework, using social value measures to capture impact.
- Provide clear guidance and leadership to other public bodies, as well as monitoring and assessing how they are considering the Act in their procurement activities.
- Explore how they can use budgets to give greater long-term financial certainty to other public and voluntary sector bodies to ease the short-termism challenges faced by procurement. This could include facilitating longer-term (minimum 5 years) contracts with break clauses built in to allow ongoing flexibility.



Procurement recommendations for all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government)

Please refer to the chapter on Setting Good Well-being Objectives, but in setting their objectives specifically in relation to procurement all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) should:

- Involve departments and organisations who are impacted by the procurement process when setting well-being objectives (e.g. commissioning, contract management, suppliers and waste management). This could lead to public bodies understanding the broader benefits and steps they can take to improve all aspects of well-being through procurement.

In considering their steps, all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) should:

- Evidence the contribution procurement is making to meeting well-being objectives.
- Public Services Boards should proactively prioritise how they can collaborate and use their spend to maximise social value, contribute to their well-being objectives, and improve well-being on a local level.

In testing and demonstrating how they are applying the Act, all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) should:

- Approach all procurement decisions through the lens of the Act – by applying the Five Ways of Working, considering their well-being objectives and/or steps and how to maximise contribution to the seven well-being goals at the very beginning of the process even at pre-procurement stage.
- Provide clear evidence for how their procurement activities are supporting the delivery of their well-being objectives.
- Include specific contract clauses linked to well-being objectives/goals in every public sector contract and framework, using social value measures to capture impact.



Procurement recommendations for all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) continued...

In supporting cultural change, all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) should:

- Capture lessons learned based on the outcomes of current frameworks to ensure opportunities to embed the Act are maximised in future.

In measuring their progress, all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) should:

- Review their procurement approach and activities, to identify opportunities to maximise the social, economic, environmental and cultural impact of spending decisions.



Resources / Useful Information

Future Generations Commissioner for Wales

- [Future Generations Framework](#)
- [Future Generations Framework for Scrutiny](#)
- [Future Generations Framework for service design](#)

Welsh Government

- [Code of Practice Ethical Employment in Supply Chains](#)
- [Community Benefits - Delivering Maximum Value for the Welsh Pound - 2014](#)

Other

- [Wales Centre for Public Policy - Sustainable public procurement](#)
- [Wales Co-operative Centre. Social Value Forums Toolkit](#)
- [National Assembly for Wales Economy, Infrastructure and Skills Committee. Procurement in the Foundational Economy \(2020\)](#)





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Dyfodol**
Cymru

**Future
Generations**
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for Wales

