



Comisiynydd
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Cymru

**Future
Generations**
Commissioner
for Wales

The Future Generations Report 2020: Executive Summaries



Let's create the future together

Leadership and implementation of the Act

Part 3 - Spotlight on Procurement

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.

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.

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.

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.

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)

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.



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.



Where are we now? My assessment of progress in procurement in Wales

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.

Steps that public bodies are taking include, for example, referring to the ways of working and well-being goals and developing checklists.

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.



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 anaesthetic 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.

There is renewed political commitment towards ensuring procurement is a lever in driving wider ambitions, but as of 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.

Many public bodies are expected to follow the national procurement strategy however the Wales Procurement Policy Statement has not been updated since 2015 and is, therefore, not in line with the Act.

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

For example, 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.

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

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

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

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

Public bodies should be focussing on costs and benefits over the long-term, including non-monetised costs or impacts (such as costs to people, communities or the environment).

Structures for collaboration and learning across Wales are in place,

for example, through Welsh Local Government Association Heads of Procurement network,

but lack national coordination and support especially to facilitate collaboration across different sectors, e.g. local government and health.

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

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

It is perceived that Official Journal of the European Union and European Union legislation are barriers to prevent innovation in procurement; however, there are lots of opportunities within existing regulation to supporting innovation and these need to be better understood and used.



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

Procurement is often seen by officers within public bodies, as well as contractors, 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.

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 my research, I 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.

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 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.

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.

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 helping children live healthy lifestyles.



Below are the areas I recommend that all public bodies, including Welsh Government, should focus on:

- Develop leadership that supports a strategic approach to procurement, recognising the ‘power of purchase’
- Procuring well-being: a focus on outcomes and measuring what matters
- Focussing on longer-term financial planning
- Promote effective collaboration, with each other and suppliers to improve sharing, learning, capacity and skills
- Build on established frameworks, including legal
- Promote a can-do mindset and attitude

For my full evidence, assessment, key findings and advice please see the section on Procurement in Chapter 2 of the Future Generations Report.

