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**Cenedlaethau'r  
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**Future  
Generations**  
Commissioner  
for Wales



**A Journey to**

# A Prosperous Wales

**1: Fair and local procurement:** using procurement to promote inclusive growth

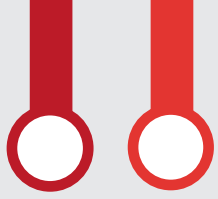
**2: Decent work:** driving practices which allows people to take advantage of the wealth generated through securing decent work

**3: Local economies:** supporting inclusive local economies and the foundational economy

**4: Community energy and a low carbon society:** enabling organisations and communities to reduce emissions and use low carbon energy

**5: Skills for the future:** encouraging organisations to develop a skilled population, fit for future technological change





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In the Well-being of Future Generations Act,  
this goal is defined as

*“An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.”*



## Defining the goal

It's been over 50 years since Robert Kennedy's historic speech, in which he claimed Gross Domestic Product (GDP) measured 'everything except that which makes life worthwhile'.

Despite that, GDP has continued to take centre stage in the minds of the public and policy makers as the critical measure of progress. Whilst this traditional focus on economic growth has shaped the world we recognise today, it has left many people behind. The world's richest 1% own 45% of the world's wealth, whilst here in Wales almost a quarter of people are living in poverty. As the economy expands, so does the resource demand needed to accommodate it. Future generations risk living in a world of stark inequality and an empty bank of natural resources.

What makes Wales unique, is that nowhere in the Welsh definition of prosperity will you find a mention of GVA or GDP; our vision of prosperity looks to measure what matters. Within the Well-being of Future Generations Act, economic well-being is not prioritised over environmental, social or cultural well-being. Our goal of a prosperous Wales is one where people are supported to develop skills and secure decent work, where we procure goods and services in a fair and local way, where the foundational economy generates local wealth and employment, and where we move towards a low carbon society.



### Case studies

Throughout the document you will find a number of reports relating to the topic subject. Please read the link if you see this symbol.



## Defining the goal

Where to focus action in contributing to this goal

**Procure goods and services in ways that support economic, social, environmental and cultural well-being**

[\(See prosperous Wales journey topic 1: Fair and Local Procurement\)](#)

**Support fair work practices through employment and services**

[\(See prosperous Wales journey topic 2: Decent work\)](#)

**Support the foundational economy through generating wealth and providing employment**

[\(See prosperous Wales journey topic 3: Local Economies\)](#)

**Enable a low carbon society through supporting community energy and reducing emissions**

[\(See prosperous Wales journey topic 4: Community energy and a low carbon society\)](#)

**Work with others to support the development of skills for the future**

[\(See prosperous Wales journey topic 5: Skills for the Future\)](#)

**Support innovation to develop an economy fit for the future**

[\(Journey topic on innovation to be explored in next phase\)](#)

**Use resources efficiently, recognising the limits of the global environment**

[\(Journey topic on circular economy to be explored in next phase\)](#)



## Other statutory requirements in relation to this goal

**Public sector procurement is subject to the legal framework set out by the Public Contracts Regulations 2015.** The regulations allow contracting authorities to consider incorporating social, ethical and environmental aspects into specifications, contract conditions and award criteria. This includes the protection of the environment, energy efficiency, combating climate change, promoting innovation, and employment and social inclusion.

Further information is available at:

- [The Public Contracts Regulations 2015.](#)
- [Guidance on social and environmental aspects.](#)

The following public contracts regulations are particularly relevant to the topic of fair and local procurement:

- **Light Touch Regime (Regulations 74 to 77):** offers commissioners who want to maximise the local benefit of procurement to tailor how they implement the procurement process for certain services, in order to accommodate the needs of local providers.
- **Reserved contracts (Regulation 77):** designed to help third sector organisations to establish themselves and compete to deliver services that have a health, social, educational or cultural dimension.
- **Reserved contracts 20.**—(1) Contracting authorities may— (a) reserve the right to participate in public procurement procedures to sheltered workshops and economic operators whose main aim is the social and professional integration of disabled or disadvantaged persons, or (b) provide for such contracts to be performed in the context of sheltered employment programmes, provided that at least 30% of the employees of those workshops, economic operators or programmes are disabled or disadvantaged workers.

- **Regulation 40 (1):** Before commencing a procurement procedure, contracting authorities may conduct market consultations with a view to preparing the procurement and informing economic operators of their procurement plans and requirements.
- **Regulation 40 (3):** ‘Such advice may be used in the planning and conduct of the procurement procedure...’.
- **Involving service users:** Regulation 76 (8): ‘... contracting authorities may take into account any relevant considerations, including... the specific needs of different categories of users; [and] the involvement and empowerment of users.’



Some of the suggested steps and actions in this document complement the policies set out in legislation - specific steps and actions that adhere to these are highlighted in orange and with an ‘St’ symbol.

## Enablers

Achieving this goal is **more likely to happen** when...

- **There is monitoring of social and environmental clauses in contracts – for example community benefits.**
- **Businesses are asked to report on wider impacts, rather than just outputs and numerical outcomes.**
- **There is meaningful engagement with local businesses in the development of local economic plans.**
- **There is a supportive policy environment for foundational economy and low carbon approaches to become mainstreamed.**
- **The development of skilled, multi-disciplinary workforces is a priority across organisations.**

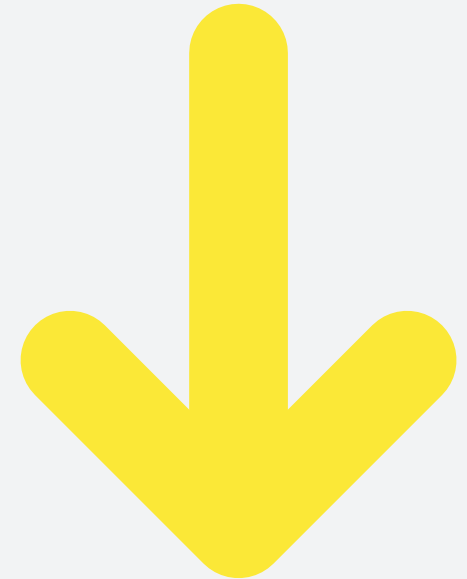




## Disablers

Achieving this goal is **less likely to happen** when...

- **There is the perception that economic growth is solely about GDP (Gross Domestic Product) or GVA (Gross Value Added).**
- **Organisations work in siloes, reducing opportunities for joined up approaches and innovative thinking.**
- **Natural resources are commercialised and sold off, regardless of the social, environmental and cultural impacts.**
- **Low carbon technology is seen as being expensive and high risk.**
- **Organisations do not encourage a culture of decent work, for example, through addressing gender pay gaps or zero hours contracts.**





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**A Journey to**

# A Prosperous Wales

## 1: Fair And Local Procurement

Using procurement to promote inclusive growth



## Defining the issue

Public bodies in Wales spend over £6bn in procuring a range of goods, services and works every year. The Wales Audit Office [Public Procurement report](#) found that value for money (lowest price) is still seen as the key driver of procurement rather than wider value and outcomes. This is counter to what the requirements of the Well-being of Future Generations Act and the statutory guidance which adopts the following definition: “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 generation benefits to the organisation, but also to society and the economy, whilst minimising damage to the environment”. Research from the [Federation of Small Businesses](#) in 2017 indicated that just 23% of small and medium sized enterprises (SMEs) had worked for the public sector over the previous year. Recent analysis also showed public sector contracts awarded to social businesses has fallen to its lowest level for two years.

Procurement has the potential to address local economic, social, environmental and cultural challenges. For example:

- Increasing spend with local SMEs prevents money leaking out of a local area. FSB research found that when local authorities spend money with small firms, the local economy benefits by an average of 58%.
- As social businesses are anchored in their communities, investment in them stays in the community, and is recycled for wider economic and social benefits.
- Through community wealth building in [Preston](#), public bodies have increased their spend with local organisations by 13.2% (£74.8 million) between 2012/13 and 2016/17.

### Synergies and connections to other journeys



#### Journey to Globally Responsible Wales

**Topic 1:** Ethical consumption and procurement



#### Journey to a Resilient Wales

**Topic 4:** Using natural resources



HOME

## Making **Simple** Changes

### Work through the Well-being of Future Generations Act's

five ways of working and map procurement outcomes against the seven well-being goals – looking to start with one existing contract and scale up. The Future Generations [Framework](#) is a useful resource to help you do this.

**Use existing advice and toolkits** such as the [Joint Bidding Guide](#) and [Can Do Toolkits](#).

**Identify** local business networks for SMEs and social businesses, including online networks, to improve your knowledge of local businesses and the services and goods they could provide.

**Publish your tenders** bilingually when possible, and ensure there are opportunities for businesses to engage bilingually.

**Publish your tenders** in good time to allow businesses time to organise and respond.

**Analyse and publish** procurement spend, paying close attention to where money goes in terms of geography, sector and business type.

Eg

E.g. Four housing organisations in Blaenau Gwent (**Linc Cymru, Melin Homes, Tai Calon and United Welsh**), along with **Blaenau Gwent Council Economic Development Unit, Wales Coop 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 very 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.

## Making **Simple** Changes

### Pay your suppliers promptly.

Eg

E.g. **Torfaen County Borough Council** pays its suppliers promptly, consistently achieving a 96% rate of paying invoices within 30 days.

**Where procuring vehicles** is necessary, procure electric fleet by default requiring a business case for other vehicles.

**Build carbon reduction** into your procurement processes. WRAP have useful guidance [here](#).

HOME

**Appoint social value champions** to raise awareness of social value within your organisation and to act as a point of contact for social value organisations.

Eg

E.g. **Coventry City Council and Warwickshire County Council** appointed [social value champions](#) to ensure the millions of pounds spent by public bodies with local firms are put to the most effective use.

**Support the [formation of local consortia](#)** to help small SMEs work together for larger contracts.

Eg

E.g. <https://youtu.be/cG7O3hQ7fgw>

**Consider how** procurement tenders can be made accessible and appealing to creative professionals and those working in arts and culture.

Eg

E.g. [Through using a not-for-profit creative arts consultancy](#) **Swansea City Council** appointed not-for-profit arts organisation Addo to manage procurement of public art.

**Participate** in and promote awareness days and campaigns that reflect commitment to local inclusive growth and businesses such as [Small Business Saturday](#), [Co-operatives Fortnight](#), [Social Enterprise Day](#).

## Being More **Adventurous**

### Work through the Well-being of Future Generations Act's

five ways of working and map procurement outcomes against the seven well-being goals – looking to start with one new contract.

### Commit to using local SMEs

and social businesses where appropriate.

Eg

E.g. In delivering Arbed 2, Melin Homes engaged SME suppliers, and the tender focussed heavily on community benefits which would be measured by the Welsh Government's Community Benefits Measurement Tool. Melin Homes wanted to see local Welsh SMEs creating genuine, local, sustainable employment and training opportunities.

HOME

### Commit to using social business suppliers.

Eg

E.g. Merthyr Valleys Homes is a housing mutual where members (tenants and employees) own the organisation. They worked with their Democratic Body to define social value and support local social businesses. This included changing contracting arrangements so social enterprises are no longer in direct competition with a commercially driven contractor. Where a social enterprise is able to deliver works or services, there is no longer a requirement to obtain competitive quotations for works up to £50k. They also procured a framework for sub-contractors and material

suppliers, where bidders are asked (as part of the qualitative assessment), to demonstrate how they would work proactively with local social enterprises in the delivery of their services.

**Increase capacity** for local businesses and social businesses to bid for contracts. You can do this through: holding supplier surgeries and 'meet the buyer' events; providing training, advice and feedback; and breaking contracts into small lots to make it easier for SMEs to bid for them and build capacity.

## Being More **Adventurous**



**Support and promote [local finance](#)** that is accessible to SMEs, micro enterprises and social businesses.



E.g. Collaboration between **[Purple Shoots and Barry Town Council](#)**: The town council invested in Purple Shoots to help and support local people to establish their own business loans.



**Publish tenders** in good time to give SMEs and social businesses time to prepare and respond.



**Use existing [Public Contracts Regulations](#)**, set out in detail in the introductory section of this journey.



**Use community benefits** clauses which reflect the well-being goals and your well-being objectives in contracts below the £1 million threshold.



E.g. **[Cardiff City Council's Socially Responsible Procurement Strategy](#)** commits to this.



**[Integrate and pool budgets](#)** to ensure joined up services and prevention.



**Evaluate tender responses on not only cost and quality,** but also respond to social, environmental and cultural questions; and weight your decisions accordingly.



**Ensure** social, environmental and cultural commitments are detailed as conditions in contracts.



E.g. **[Swansea Community Energy Scheme](#)** increased employment of local people by developing a new model for procuring community benefits through renewable energy for council buildings.

## Being More **Adventurous**

Eg

E.g. **Caerphilly County Borough Council** 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.

**Monitor the delivery** of social, environmental and cultural outcomes, and their impact through both contract monitoring and further spend analysis.

**Explore opportunities** with improvement agencies, such as [Academi Wales](#), to develop bespoke procurement workshops, learning events and mentor/coaching opportunities for practitioners.

## Owning your **Ambition**

### National or collaborative actions

**Ensure** that the Welsh Procurement Policy Statement (WPPS) reflects the Well-being of Future Generations Act.

**Welsh Government** work with public bodies and others (including small businesses and business support agencies) to develop updated guidance and support pilots/trials on local procurement.

**Develop** increased professional capacity and knowledge of procuring through the lens of the Well-being of Future Generations Act through training and mentoring.

**Provide** training, support and guidance for SMEs and social businesses to build capacity to bid for public sector contracts.

**Celebrate** and recognise those leading in progressive/sustainable procurement in Wales, and ensure that this learning is shared and scaled-up.

### Organisational actions


**Take a strategic approach** to embedding community wealth building into your work, incorporating it into your corporate plans and strategies, helping you meet your well-being objectives and steps.

**Ensure procurement** is clearly linked to local priorities and this is evidently stated in your strategic documents.


**Monitor** how your procurement spend is delivering against local priorities / well-being objectives, and Wales' well-being goals.




## Owning your **Ambition**



**Bring** community anchor organisations (who understand local communities, have a long-term commitment to the area they serve, and can make positive things happen locally) together to procure jointly and buy locally, to drive progress on meeting Wales' well-being goals.



**Default support** for local SMEs and social businesses as standard practice.



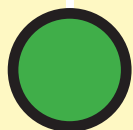
**Collaborate** across public bodies to ensure there are legal mechanisms in place to defend innovative approaches to procurement that may be challenged.

## Other examples and resources



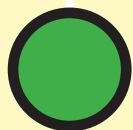
### Joint bidding guide:

<https://gweddill.gov.wales/docs/dpsp/publications/valuewales/151119-bidding-guide-en.pdf>



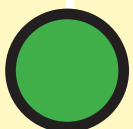
### Can Do Toolkit:

<http://www.cih.org/i2i/publications>



### The Art of the Possible in public procurement:

<https://e3m.org.uk/the-art-of-the-possible-in-public-procurement/>



### Locality, Powerful Communities, Strong Economies:

<https://locality.org.uk/about/key-publications/powerful-communities-strong-economies-report/>



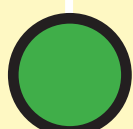
### Preston:

<http://urbact.eu/preston>

<https://cles.org.uk/tag/preston/>

<https://www.preston.gov.uk/thecouncil/the-preston-model/what-is-the-preston-model/>

<https://thenextsystem.org/learn/stories/infographic-preston-model>



### Manchester:

<https://cles.org.uk/progressive-procurement-in-manchester/>

<https://cles.org.uk/publications/the-power-of-procurement-2/>



### Cleveland Ohio:

<https://community-wealth.org/content/cleveland-model-how-evergreen-cooperatives-are-building-community-wealth>

<https://democracycollaborative.org/content/turning-health-care-community-wealth-cleveland>



### United Nations Development Programme's 'Environmental Procurement: Practice Guide Volume 1':

[https://www.greeningtheblue.org/sites/default/files/UNDP-Environmental%20procurement\\_0.pdf](https://www.greeningtheblue.org/sites/default/files/UNDP-Environmental%20procurement_0.pdf)