



Public Sector Procurement Challenges and Recommendations From Sector Insight

CEWales acknowledges the construction industry's strong desire and continued commitment to support the Welsh Government. Public sector procurement has great potential to escalate ambition within the sector, respond to the climate crisis and facilitate a joined-up, efficient approach as outlined within the Well-Being of Future Generations Act, Wales.

The sector has identified key challenges within procurement which sit within the over-arching call for effective and immediate standardisation. CEWales acknowledges the standardisation of frameworks as an important enabler of alignment with WG policy and objectives through delivery. Other co-benefits of standardisation include the reduction in costs to business in tendering contracts, costs to authorities and shifts to a value-based rather than cost-based procurement approach as found within the UK Construction Playbook. As such, CEWales aims to help build efficiencies within procurement and take note of the considerable good intent within the 'Wales Procurement Policy Statement 2021 – Welsh Government's Action Plan', the [Value Toolkit](#) and the [Future Generations Directory](#), all of which require strategic endorsement to ensure implementation.

Sector Stakeholder Challenges

Net Zero, Social Value and Circular Economy

Tier 1 & 2 businesses (contractors) highlighted that Net Zero is now a prominent feature in public sector procurement and businesses need to get up to speed quickly on Wales public sector requirements for net zero construction, pathways to achievement and best practice examples. Tier 1 (consultants) outlined Social Value, Climate Resilience and Adaptation as important areas for their partners and clients. However, have also described the significant complexities around the translation of these aspects within public sector procurement. Supply chain organisations shared wider issues around Net Zero which are still not articulated in Welsh context and policy. For example, the net zero calculation baselines are developed on proxies using European averages based on European markets which do not reflect Welsh markets. Further, opportunities around circular economy are yet to be identified within public procurement. Business have also noted a lack of Wales industry wide education programmes on Net zero process requiring knowledge to be quickly gathered from the internet or informal discussions. This is combined with a need for a standardised approach and consistent ways to report on social value, net-zero and well-being with a link to the Well-Being of Future Generations Act. SME's requested considerable support in these areas especially around the high costs for bidding regarding net zero, some mentioned that social value for consultant tenders is not scored or evaluated – if this was included, local firms would be more highly regarded. Local Authorities have described - these areas as an uphill battle often associated with higher costs in the short term which influence decision-making.

Example SME challenge: "Social Value for consultant tenders is not scored/evaluated. So as a local SME there is deemed to be no benefit in terms of being able to deliver locally on effective social value. We are quite often being locked out of being able to tender on public sector work in England due to not being local and then gain nothing by being local in Wales. For example – current tender for WG is a masterplan opportunity in Haverfordwest – we asked the clarification as to whether social value would be scored/evaluated and despite pushing on it, the response is no."

Public Procurement Process Standardisation

Tier 1 & 2 businesses mentioned public procurement is still not consistent across all contracting organisations with documentation/completion of prequalification ITT and evaluation processes differing from each organisation. The requests for tender or participation are complex and use terminology that is difficult to understand. Due to this, Local Authorities highlighted that local suppliers and SME's may not respond to framework agreement invitations and assume the invitation was not for them. This leads to frameworks taken up by large organisations that have resources in-house for global bidding teams which can prevent smaller firms and local firms from entering. There is a need to develop SME capability through development pathways to improve skills, knowledge and expertise. The management of risk also varies with SME's impacted disproportionately. Generally, Framework Agreements provide no guarantee of any work, and it's quite possible one will get very little work, after making a significant investment in the tendering.

BIM

Tier 1 contractors and consultants indicated BIM as an integral part of procurement and noted that the requirement of BIM has changed direction since the involvement of industry voices in the Welsh Government Supported Schemes. Businesses identified the use of BIM can help the necessary early facilitation required. Local Authorities discussed an overall desire but pointed to a lack of capacity and resource to effectively deliver asking for greater governmental support in digitisation.

Coordinated Pipeline Visibility

Tier 1 contractors shared some concerns around the maintenance of visible, coordinated pipelines of work by procurement teams. When projects slip there are often no notifications describing the reasons behind delays and the rapid succession of projects. This puts tremendous pressure on teams and impacts quality and cost of the overall deliverable, engagement with supply chain and business accounts. SME's mention this issue as detrimental to their business and difficult to plan for. Local Authorities provide insight around the considerable duration and paperwork of consultant engagement

Sector Stakeholder Recommendations

- Need industry education pathways around Net Zero, Social Value and Well-being – Recommendation for Welsh Government Policy development to emphasise net zero in education best practice and documentation support to also include consistent measurement/standardised - approaches based on Welsh markets, for areas including that of social value, fair working practices and well-being in projects/procurements. Further recommendation for early stage facilitation to understand resources available in Wales, facilitate links in sector, supply chain and wider region. To then include the assessment of this value add within procurement.
- Need consistent and centralised approach to procurement one that builds trust and enables shared learnings – Recommendation for framework agreements to be jargon free, focus on clarity and speed and to base cost as a percentage, pro-rated on the size of the organisation to enable SME's to respond. Furthermore, a recommendation for procurement to move to an outcomes-based analysis and consider whole life value.

- Need modernised digital transformation within procurement processes similar to industry BIM processes - as way to enable upgrade the system to be counter-intuitive, user friendly and efficient especially in retaining information for cross-bids.
- Need coordination in pipeline management – Recommendation for projects to be spread evenly across contractors to help provide pipeline visibility and enable lessons learned, knowledge sharing. This is a similar process to that used by the MOJ on the prison’s framework.

Signposted Links

Constructing Excellence Wales (CEW)

[Value Toolkit – Welsh profile \(CEW\)](#) – This contains the Welsh profile that accompanies the Value Toolkit which CEWales produced.

[Future Generations Directory](#) & [Future Generations Guide](#)

Professional Industry Bodies

CIOB - [Building Up Wales: Professional insights Report](#) from the construction sector in 2023.

This is the first in a series of new reports focused specifically on bringing to the fore unique issues faced by the construction sectors and built environments of each of the devolved nations of the UK.

Industry Organisations

[Place based approach to Net Zero](#) - This provides a framework for government decision-making and partnership.

[Flourishing Systems](#) - For digital and data issue

Welsh Government

[WPPN](#) - This is an existing WPPN on decarbonisation through procurement last updated November 2023.

[Wales Public Sector Net Zero: Baseline & Recommendations](#) - Report to the Welsh Government by Aether.

[WG Net Zero Sector Skills](#) – Net Zero Sector Skills consultancy publication to inform roadmaps.

[Welsh Public Sector Net Zero Carbon Reporting Guide](#) - In May 2021 the Welsh Government published the Welsh Public Sector Net Zero Reporting Guide and Net zero carbon reporting spreadsheet, which aimed to be a universal guide as a set of instructions for use by Welsh public bodies to estimate baseline emissions.

[Procuring Well-Being in Wales](#) - A 2021 Review into how the Well-being of Future Generations Act is informing procurement in Wales. Useful recommendations around embedding well-being in procurement.

[Progress towards the development of a new procurement landscape in Wales](#)

[Changes to the procurement legislation](#) - To prepare stakeholders for the introduction of the new Procurement Act 2023, which will regulate the way that public procurements are undertaken in



England, Wales and Northern Ireland, an extensive range of Learning & Development (L&D) offerings will be available to stakeholders in the lead up to the new regime going live in October 2024.

UK Government

[Value Toolkit](#) - Developed in partnership with over 200 experts from across industry and Government to help redefine value and how to measure it.

[UK Construction Playbook](#) - Government Guidance on sourcing and contracting public works projects and programmes.