



# Swansea Bay City Deal Procurement Principles

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## Swansea Bay City Deal – Procurement Principles Project Guidance

### Foreword

The 15-year Swansea Bay City Region City Deal is a once in a lifetime portfolio of projects and programmes which collectively will achieve:

- Investment of nearly £1.3 billion to support economic growth
- Over £600 million of direct private sector investment attracted
- An overall increase of more than 9,000 gross direct jobs
- A contribution to regional GVA of £1.8 billion

We are in changing times, with UK and Welsh Governments declaring a climate emergency, the uncertainty resulting from Brexit and the unknown long-lasting effects of the COVID-19 pandemic.

Our approach to procurement must be sustainable to build a better future for our future generations.

The Wales Procurement Policy Statement (2015) adopts the Sustainable Procurement Task Force definition of procurement as:

*“..the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”.*

We want to ensure that our citizens and the regional supply chain can benefit from the portfolio, thus improving the overall economy across the Swansea Bay City Region for future generations.

Our portfolio stakeholders recognise that the adoption of City Deal procurement principles by all project stakeholders, lead officers and suppliers is key to achieving this.

Procurement of suppliers for the construction stage is only the first part of the process, the Principles look beyond the initial construction phase and where appropriate also apply to the operational service of the assets when built.



Cllr Rob Stewart  
Chair,  
Joint Committee



Ed Tomp  
Chair,  
Economic  
Strategy  
Board

# Swansea Bay City Deal – Procurement Principles

## Project Guidance

### Introduction

These Principles have been developed for project teams that are developing and delivering projects as part of the Swansea Bay City Deal. The Principles encourage project teams to take a fresh look at the way works, goods and services are specified and procured, so that the maximum economic, social, and environmental benefit to the region can be achieved from the process.

These Principles should be considered when planning procurement for any City Deal funded project and be incorporated, as far as is appropriate, to the specification, design and tender. The Principles look beyond the initial construction phase and apply to the operational service of the assets when built.

We acknowledge that some projects will be at a more advanced stage than others and that the principles cannot be retrospectively applied to previous procurements.

In general, the procurement process for Swansea Bay City Deal projects will be led by one of the Local Authorities, however, in some circumstances, procurement may be undertaken by one of the project sponsors. In this case those organisations should consider and apply these principles, where appropriate, within their own procurement policies and requirements.

In 2012, the Welsh Government issued the Wales Procurement Policy Statement which was subsequently reviewed and updated in 2015. The statement sets out the principles by which it expects public sector procurement to be delivered in Wales.

Projects will be expected to meet the requirements of this policy statement which seeks to open procurement contracts up to more innovative solutions to ensure that the money that goes into procurement is spent in a way that stimulates development.

The local authorities are responsible for conducting their own procurement exercises in line with their own organisational policies and procedures. Public sector led procurement requires the procuring bodies to comply with, for example:

- The UK Public Contracts Regulations 2015
- Wales Procurement Policy Statement 2015
- European Public Contracts Directive 2014/24/EU and the requirements placed on the Welsh public sector for all contracts over certain thresholds to be advertised in the Official Journal of the European Union (OJEU),
- Post Brexit, WPPN 03/20 Post EU Transition Public Procurement including Find a Tender Service (FTS).

These principles have been developed in line with the above and also with the five ways of working of the Wellbeing of Future Generations (Wales) Act 2015. The process has involved consultation with the Swansea Bay City Deal Economic Strategy Board, industry representatives, local authority officers, legal and procurement specialists, third sector representatives and Welsh Government officials.

### **The 5 Procurement Principles:**

- 1. Be Innovative**
- 2. Have an open, fair and legally compliant procurement process**
- 3. Maximise Community Benefits from each contract**
- 4. Use Ethical Employment Practices**
- 5. Promote the City Deal**

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### The Well-being of Future Generations (Wales) Act 2015

The Well-being of Future Generations (Wales) Act 2015 (“the Act”) places a requirement on Public bodies to carry out sustainable development - the process of improving the economic, social environmental and cultural well-being of Wales. The Act promotes 5 ways of working:

#### ***Long Term, Prevention, Integration, Collaboration, Involvement***

Towards seven well-being goals

***A prosperous Wales***

***A resilient Wales***

***A healthier Wales***

***A more equal Wales***

***A Wales of cohesive communities***

***A Wales of vibrant culture and thriving Welsh language***

***A globally responsible Wales***

***“Public bodies spend £6 billion per year delivering services and this is an area where changes can be made that contribute to generating apprenticeships, lower carbon emissions, buying from local business and building in health considerations. We must procure goods and services that contribute to global well-being, reduces carbon emissions and supports a circular economy.”***

*Sophie Howe, Future Generations Commissioner for Wales  
Bolder steps towards A Prosperous Wales*

Compliance with the Act will be embedded in all SBCD projects. This will extend to procurement activities and the Act encourages us to explore innovative approaches to achieving procurement outcomes.

### Climate Change

UK and Welsh Governments have declared a state of Climate Emergency and have set ambitious Net Zero Carbon targets.

In Wales, The Environment (Wales) Act 2016 requires Welsh Government to reduce emissions of greenhouse gases (GHGs) in Wales by at least 80% for the year 2050.

In recognition of this, projects that are financially supported by the UK and Welsh Governments will be expected to address their carbon footprint by:

- applying sustainable procurement practices,
- sourcing materials sustainably
- by minimising emissions and other environmental impacts.
- encouraging suppliers to adopt a sustainable approach to site management.
- considering how to maximise the use of recycled or leased products through procurement – buying new is not always the most sustainable avenue.
- adopting and applying the concepts of a circular economy should be a primary consideration where appropriate.

## Swansea Bay City Deal – Procurement Principles

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## The Principles

### Principle 1 – To Be innovative

Addressing the social and economic needs of the Swansea Bay City Region, including declarations of climate emergency, will require new ways of working and this includes procurement.

Adopting an innovative approach to how things are specified and procured, will maximise the long-term benefits that can be achieved through the procurement process.

#### **a) Procurement approach**

Project teams will be expected to:

- explore how specifications and procurement approaches can help to achieve the long-term benefits of the WCFG Act and meet the requirements of Net Zero Carbon balance.
- consider the benefits of making the reduction of carbon footprint a high priority when specifying goods and services and when appointing suppliers.
- share examples of good practice and alternative ways of collaborative working with others.

More sustainable solutions in line with the Future Generations and Net Zero carbon agendas will be reached if this is done consistently across the portfolio.

#### **b) Procured goods and services**

Project teams should have a good knowledge of the regional supply chain to assist Tier 1 suppliers.

For sustainable local delivery, teams should:

- consider if there are alternatives to buying new that could offer improved outcomes.
- consider how to achieve the maximum of community benefits via procurement.
- seek Carbon Offset solutions from Tier 1 suppliers.

#### **c) Collaborative purchasing**

Project teams are encouraged to consider if the objectives of these principles can be achieved by collaborative purchasing with other projects across the portfolio.

This may also allow the regional supply chain to upscale manufacture of certain items if warned early enough of demand. This could apply to any goods ranging from office furniture to steel or construction materials for example.

### Principle 2 – To have an open, fair and legally compliant procurement process

#### **a) Advance contract notification**

Industry has told us that effective communication and early market engagement is imperative so that suppliers and the wider supply chain have advanced notification of future tender opportunities. Early notification and supply chain engagement is a key part of this.

City Deal funded Projects are required to use the City Deal project page on Sell2Wales to promote all City Deal procurement opportunities and events.

A Prior Information Notice (PIN) can be used to notify suppliers of the intention to utilise existing Frameworks; providing this information will help clear communication of forthcoming opportunities to the wider supply chain.

Project teams are required to inform the Portfolio Management Office of their procurement timetable and, at the earliest opportunity, when contracts are due to be released.

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See also Principle 5

### **b) Wherever possible and appropriate, high-value contracts should be broken down into smaller deliverable components.**

To provide regional suppliers the opportunity to tender, project teams should consider breaking down large, high value contracts into smaller deliverable components and to use lotting strategies where existing frameworks (if being used) allow.

Advance consideration must be given to how the main contractor will be required to work with the local supply chain to deliver smaller lots/packages within the larger contract.

See Principle 3.

### **Principle 3 – To Maximise Community Benefits from each contract**

Where appropriate, pursuing Community Benefits as **Core** requirements in major procurement exercises, will contribute to the social, economic, and environmental well-being of the wider communities in the region.

Allowing that criteria must be relevant and proportionate to the contract being let, project teams should work with their own County Councils' community benefits, procurement, or economic development teams to develop an appropriate community benefits package.

Project teams should consider how they intend to engage with a main suppliers' Corporate Social Responsibility staff to achieve these benefits as part of the procurement planning exercise.

Community Benefits typically incorporate the following initiatives:

#### **a) Targeted Recruitment and Training**

Targeted recruitment and training (TR&T) puts focus on the employment of new entrants, new entrant trainees, apprentices or other trainees recruited from employability and work programmes, training organisations, colleges and shared apprentice schemes across the region.

Tender documents should include a target for construction projects – typically 52 person weeks per £1m, which is the standard norm.

Project teams are required to actively engage with the Skills and Training Initiative, led by the Regional Learning and Skills Partnership. The Skills and Talent Initiative is an overarching City Deal funded project that aims to deliver a regional solution for the identification and delivery of the skills and training requirements for all City Deal projects.

Project teams shall collaborate with shared apprentice schemes such as Cyfle, regional colleges and regionally based training organisations to ensure that the skills are developed and retained locally.

Project teams should consider working with initiatives such as Workways + and Communities for Work.

For major non-construction-based procurement, alternative social benefit approaches should be used, where appropriate for the procurement being undertaken.

#### **b) Commit to supporting the wider regional supply chain**

The Portfolio is keen to maximise (so far as consistent with procurement and competition rules) the use of local materials (in particular, steel). See "Procurement Advice Note, use of steel in contracts" link in resources.

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Project teams need to ensure (within procurement and competition rules) that first tier suppliers make a contractual commitment to involving the regional supply chain where possible.

Projects should consider the conditions for sub-contracting in a way that supports regionally based suppliers, consortia tendering, the local supply chain and how these procurement principles will be delivered. This may be by holding effective regional meet the buyer awareness events and training in relevant procurement processes.

#### **c) Education, Community and Environmental Initiatives**

Procurements should achieve increased educational contributions, environmental benefits and/or community initiatives. This is usually delivered under Corporate Social Responsibility

Suppliers should be required to work closely with local education establishments to provide added value benefits, especially in curriculum and STEM initiatives.

Project teams are encouraged to assess local needs and, where practical, use procurement to support initiatives that address those issues.

Suppliers should be encouraged to work with groups or organisations that are supported by the local authorities e.g. armed forces charter, over 50's forum, equalities groups etc.

As per Principle 1, additional benefits that address the Climate Emergency and that work toward Net Carbon Zero targets are to be encouraged.

#### **d) Reporting**

Project teams will be required to provide annual reports to the Portfolio office using the WG Community Benefits Measurement tool – see resources

### **Principle 4 – To Use Ethical Employment practices**

The Welsh Government 'Ethical Employment in Supply Chains' Code of Practice was published in 2017. The Government expects all public sector bodies to sign up to the code and the wider public sector supply chain to adopt it.

#### **a) All projects to adopt the code**

The Welsh Government expects all public sector organisations, businesses and third sector organisations in receipt of public sector funding to sign up to the Code of Practice.

Project teams should encourage all Tier 1 suppliers to sign up to the code if they have not already done so.

#### **b) Fair and prompt payment through the supply chain**

It is important to ensure a reliable cash flow through supply chains to reduce the risk of supply chain failure. This will enable more rapid circulation of money through the economy and the local community.

Suppliers have the right to expect fair payment terms. Project procurement should recommend the use of Project Bank Accounts (PBA's) on high value contracts where possible. PBAs represent best practice in ensuring fair and prompt payment in the supply-chain.

All project procurements with a value of £2m or more and lasting longer than 6 months must consider putting in place a Project Bank Account\*.

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This must be stated as a requirement in procurement briefs, ITT documentation etc. and be a condition of contract award.

Project Procurements under £2m should be assessed for suitability of PBA and a PBA set up if appropriate.

\*Other criteria also apply, see guidance section.

#### **Principle 5 – To Promote the Swansea Bay City Deal**

As the City Deal Portfolio gains momentum, the need to generate interest and positive awareness of the City Deal projects increases.

It is important that the Portfolio is promoted at every opportunity. This begins with procurement notices which should explicitly refer to the City Deal at the earliest opportunity.

The Swansea Bay City Deal logos (as supplied by the Portfolio Office) must be included on all promotional material and site hoardings

Reference to the City Deal funding must be included in any press releases or publicity issued by the project team or suppliers working on the project giving equal status to both the Welsh and English languages.

Suppliers must be informed that the work they are undertaking is being funded via the City Deal Portfolio and the need for them to create awareness of it.

Following the approval of project business cases, project teams will be required by contract to promote the City Deal bi-lingually in English and Welsh on any signs, hoardings or literature and publicity produced in relation to the project.

Press releases, interviews or other promotional activity must reference the City Deal and should be drafted bilingually in collaboration with the City Deal Communication and Marketing Officer.



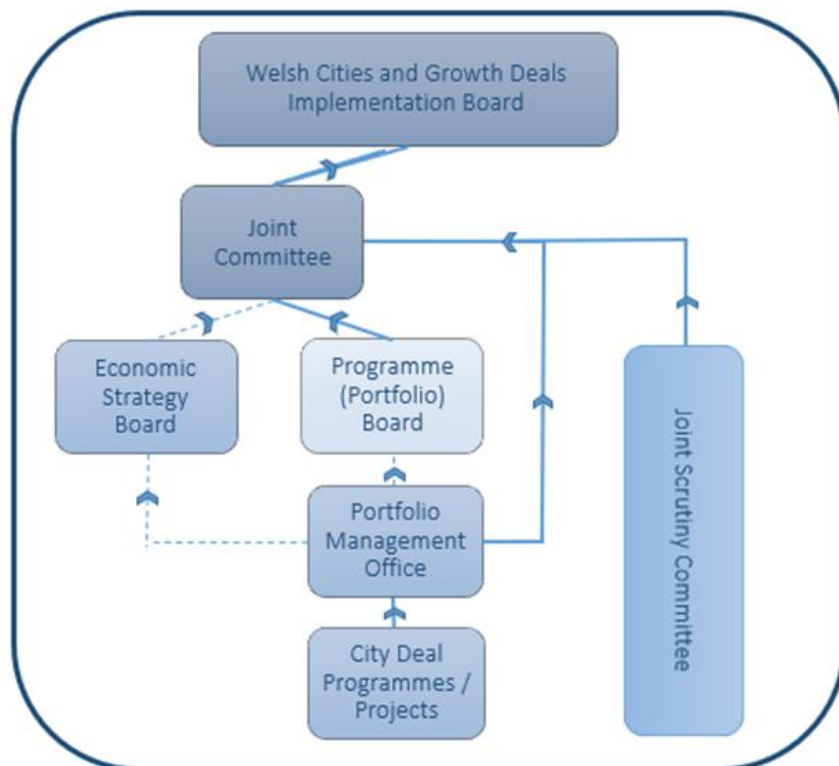
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### Monitoring and Evaluation

The initial procurement process for City Deal projects will make an early pathway for achieving the City Deal Portfolio outcomes and contributions towards the aspirations of the Well-being of Future Generations Act.

As such it is important that procurement is continuously monitored, and its outputs regularly reported and evaluated. Project teams are required to provide the Joint Committee with regular progress reports. These reports should include procurement activities and outputs.

The operational and reporting structure of the City Deal Portfolio is as follows:



As part of its monitoring role, the Economic Strategy Board will review and make recommendations on individual project business cases including procurement exercises. City Deal Portfolio Office will monitor procurement activities and where appropriate, will use Sell2Wales as a recording medium for contract and sub-contractor notices and subsequent awards.

The Community Benefits Measurement Tool will be monitored for achievement of community benefits.

The Joint Scrutiny Committee will review the procurement activities of individual projects as part of its ongoing scrutiny role.

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### Resources

The Welsh Government Public Sector Procurement resource <http://prp.gov.wales/?lang=en>:

Public Sector Procurement after Brexit information can be found here: <http://bit.ly/2SSUjpc>

WPPN 03/20 Post EU Transition Public Procurement including Find a Tender Service (FTS):

<https://gov.wales/wppn-0320-post-eu-transition-public-procurement-including-find-tender-service-fts-html>

Project Bank Accounts: <http://bit.ly/38E7C3h>

Community benefits: A useful e-learning module can be found here: <http://bit.ly/2SDCRpR>

The Community Benefits Measurement tool along with other useful information can be found here: <http://prp.gov.wales/toolkit/?lang=en>

Information about Cyfle Building Skills programme: <http://bit.ly/2P25kTK>

Procurement advice note, use of steel in contracts: <http://bit.ly/2SYa91C>

Cutting embodied carbon in Construction Projects: <http://bit.ly/2HyskWn>

