

The Economy, Infrastructure and Skills Committee inquiry into Public procurement in the foundational economy

Higher Education Sector Response

What is the current position regarding the proportion of public contracts in Wales that go to Welsh suppliers?

1. Within the HE Sector in Wales, approximately 33% of spend was placed with Welsh suppliers in 2017/18 (*most recent available figures*). It is considered that this is reasonable given the diverse and often specialist nature of HE Sector procurement and the geographical spread of the supply chain that supports the procurement portfolio.

To what extent could increasing 'local procurement' by the public sector create stronger local supply chains and build wealth in communities across Wales?

2. It is recognised that "local procurement" can help strengthen local supply chains across communities in Wales. HE Institutions in Wales are including appropriate community benefit clauses in contracts to ensure that local benefits are identified and realised. Notwithstanding this, institutions are also delivering civic engagement programmes which aim to provide benefits to local communities.
3. The significant numbers of students attending universities creates demand for affordable accommodation and locally available goods and services which can have a positive impact upon the local economy. This can in turn present business opportunities for local suppliers. In addition student numbers will in many cases present a supply base of flexible resources for local businesses which can be called on to meet demand.

4. It is also apparent that in many communities, public sector business will have a significant impact upon the local economy. However, an increased reliance upon business from public sector organisations can also increase risk for the supply chain.
5. External factors may often have an impact upon a public sector organisation's ability to maintain sustainable levels of business opportunities that may be aligned with the local supply base capacity and capability.

What is your view of the Welsh Government's intended approach to increasing the amount of 'local procurement' undertaken by the public sector in Wales (including how 'local procurement' will be defined and monitored; how the principles of sustainable and ethical procurement are being applied; and how the statutory goals set by the Well-Being of Future Generations (Wales) Act are being met)?

6. With regards to local procurement, our view is that the HE Sector should continue to identify opportunities to optimise engagement with the local supply base where appropriate. The sector will report levels of expenditure with local suppliers to meet reporting requirements of all stakeholders.

In what ways can local spend and collaborative procurement be increased and sustained while working within the EU procurement framework, whatever arrangements may be in place following Brexit?

7. The nature of HE expenditure is such that some categories of expenditure are highly specialised, and as such the supply base is restricted to a small number of internationally based providers. These categories do not lend themselves readily to local supply.
8. It would be prudent to establish first which categories could be suitable for local supply, and to assess the availability, capability and capacity of the local supply base to meet the demand. Strategies which seek to optimise the use of local supply could be considered, as opposed to stating an arbitrary percentage of external expenditure as a "target".
9. Our view is that services, rather than goods, would be more suitable for local delivery.

10. It can be difficult to reconcile the objectives of increasing both local spend and collaborative procurement. In defining collaborative procurement one must be careful to make the distinction between collaborative procurement and collaborative contracting.
11. Collaborative contracting opportunities should be carefully considered and options selected which best meet stakeholder requirements. Framework Agreements let on behalf of All Wales public sector should be used where appropriate, whilst other approaches should be used once all relevant factors have been considered.
12. On a wider scale there are opportunities for broader collaborative procurement which may be achievable on a cross sector basis. These include but are not limited to:-
 - a. Staff Development
 - b. Sharing of good practice and examples of documentation
 - c. Use of online tools to encourage discussion
 - d. Measuring supplier performance in sustainability and responsible procurement
 - e. Development of communities of interest to discuss areas of policy
 - f. Ongoing access to centrally funded e-procurement tools.
13. The sector recognises that mandating contracts is an option, but considers it to be contentious, potentially counter-productive and provides no assurance of best value. Indeed our experiences, both in Wales and in the broader HE sector, are that as expenditure leverage is increased, supplier service, responsiveness and capability diminishes, and often dramatically.
14. Institutions may wish to adopt policies which mandate the use of specific arrangements to ensure that leakage is minimised. Any such decisions should be made at an institutional level however, recognising the autonomous status of the institutions.

Can you give examples of similar public procurement initiatives elsewhere in the UK and EU?

15. We do not have specific examples to share, however it should be noted that the HE Sector works collaboratively on a number of initiatives, including but not limited to:
 - g. maintaining a national collaborative programme,
 - h. national training and development service and
 - i. a national group concerned with Responsible and Ethical Procurement
16. There may be opportunities to share instances of good and best practice between the HE Sector and Welsh public sector on a reciprocal basis.