

COMMITTEE ON EQUALITY OF OPPORTUNITY EOC-01-02(p.4)

Date: Wednesday 30 January 2002

Time: 9.30am

Venue: Committee Room 3, National Assembly Building

Title: Progress Report on the National Assembly's procurement policy

Request

1. To provide a paper on the progress made on securing equality of opportunity through the Assembly's procurement policy, since the meeting on the 13 June 2001.

Response

2. The Procurement Unit has, for some time been reviewing its procurement policy in relation to the Assembly's core values as a result of a request from the Equality of Opportunity Committee. A number of papers have been presented to the Equality Committee outlining the Assembly's proposed course of action. Copies of the papers are attached at **Annex A** and a copy of the meeting minutes relating to the paper submitted to the 13 June committee are attached at **Annex B**.
3. The Voluntary Code referred to in the attached papers is at **Annex C**. The Code sets out the National Assembly for Wales' business principles and core values. The wider economic, social and environmental initiatives supported by the Assembly will be closely integrated into the NAW procurement policy, subject to the constraints of European Community law. The aim is to create a database of suppliers who are prepared to support the assembly's core values of Equality of Opportunity, Sustainable Development, and Social Inclusion.
4. The sub committee on sustainable development met on the 3 December 2001, and has noted the inclusion of sustainable development proposals in the Equality of Opportunity committee initiative to secure equality of opportunity through Assembly procurement policy.
5. The Code of Practice was drafted by a working group, with representatives from the Procurement Unit, Sustainable Development, Equality Policy Unit, Communities Branch, Cardiff University and Arena Network. The Code itself is intended to be an evolving document, and the working group will take this forward.
6. The key objective of the Assembly's procurement strategy is to help partners, customers and stakeholders meet their business objectives, ensuring best practice is adopted and value for money obtained whilst working within the schemes, arrangements and policies that the Assembly is supporting to benefit the people of Wales.

7. When the Assembly awards contracts it wants to work with suppliers that support the Assembly's core values and business principles. The Assembly is committed to obtaining best value for money and motivating suppliers to put forward quality solutions that incorporate the Assembly's core values.
8. While contracts must still be let on the basis of open competition, it is intended that suppliers who support the Code will be assisted with positive action such as guidance on ways to improve, and constructive feedback on unsuccessful bids. In this way they will be able to improve their competitive advantage through development of a culture of sustainable commerce, and thus become able to 'win our business.'
9. The Voluntary Code was introduced via the new procurement web site "Winning Our Business," (www.winningourbusiness.wales.gov.uk) which was launched at the Business and Environment Conference in Cardiff on the 9 October 2001, and members of the procurement unit also promoted the web site at the "Tomorrow's Wales" business exhibition in Llandudno. As a result of these events 60 new suppliers have registered their support for the Code.
10. The Code has also been presented at meetings of the Procurement Support Group – an informal information exchange between a number of Local Authority procurement units - and has been well received and supported, particularly by Carmarthen.
11. The Assembly was also represented at a meeting Joseph Rowntree Foundation to discuss a draft document on "Using Social Clauses in Neighbourhood Renewal" being prepared by Richard McFarlane. The document will give guidance on the current on the current position on the use of Social Clauses.
12. The Code will be publicised internally on the Assembly Intranet news page, and staff will be asked to ensure that all the suppliers they deal with are advised to view the Code via the new web page.
13. All suppliers on the current Assembly supplier database are being contacted and invited to register their support, and all suppliers tendering for new contracts will receive details of the web site with their tender documents.
14. The new web site includes details of the Assembly's procurement procedures and documents so that all organisations, including Small and Medium Enterprises (SME's), will find it easier to bid for business with the Assembly. The web site also includes details of Contracts when we need further expressions of interest, and Contracts that have already been let.
15. For small enterprises that do not have internet access, The Code and other documents will be available in hard copy form.
16. The Code, and the manner in which it is applied, will be kept under review to ensure that the Assembly complies with all its legal obligations in this area, including EC law.
17. Phase two of the project is now underway to develop an advanced supplier database, which will seek to establish the level of development a supplier has achieved by means of a questionnaire matrix. Questions will include the level of progress on Environmental issues, Equal Opportunities implementation and Sustainability.
18. The matrix will be designed to structure the questions to the size of the organisation, and thus eliminate unnecessary responses. The database will give purchasing officers in the Assembly detailed information on potential bidders, which will assist in selecting the right

supplier.

19. Checks will be introduced to test the validity of the information given by suppliers. This will be limited by the resources available but checks will be carried out on all major contracts with a value of over one million pounds, and sample checks will be conducted on lower value contracts.
20. It is intended that all suppliers who do business with the Assembly will be registered on the new database. We will be exploring the possibility of making certain of this information available, in time, to other public sector organisations, as most existing databases do not include the types of information we plan to hold. Considerations of commercial confidentiality and data protection legislation will be taken fully into account. The proposal would complement one of the Welsh Procurement Initiative "pathfinder projects" to develop an all Wales supplier database, and this was discussed at a meeting of the Initiative Team and the WDA. Once again the concept of the Voluntary Code received support from those present.
21. We are also exploring the possibility of extending the policy to include discretionary grant recipients.

ANNEX A

Agenda Item 3: The National Assembly's Procurement Policy Presentation: Laurie Pavelin, Financial Accountability Division

Paper: EOC-05-01(p.1)

3.1 Laurie Pavelin updated the Committee on promotion of equality of opportunity principles through the Assembly's procurement policy. The Assembly proposed a "Voluntary Code of Practice", a document which would incorporate the Assembly's core values. Suppliers who on a voluntary basis signed up to the principles contained in the code would be able to register on the Assembly's database. The Assembly would be entitled to refuse to deal with those suppliers who refuse to sign up. The Assembly also produced guidance for suppliers called "Winning our Business" aimed at encouraging organisations to sign up to do business with the Assembly. A procurement web page was being developed where businesses could register their interest in dealing with the Assembly. The website would be completed by October, the booklet for suppliers by the end of the summer and Voluntary Code of Practice and the code before this.

3.2 The Committee discussed how the Assembly was going to ensure compliance with the Voluntary Code. It was suggested that spot checking may be effective, with those failing to comply not being granted future contracts. Mr Pavelin noted that for all major contracts those tendering were required to state policies and other related issues and therefore it was possible to get the information prior to contracting. The Assembly considered equality of opportunity as a factor for evaluating tenders. Also, before any major contract was awarded, the Assembly

checks the Accounts and the Annual Report of the company. Kate Bennett said that the Voluntary Code of practice was an exciting way forward and noted that prior to 1988 a number of London authorities were setting up systems to promote equality through procurement and their experience should be taken on board.

3.3 The Chair said that the work on the Voluntary Code of Practice was an exciting opportunity for all the Assembly. She noted that if there were any comments/suggestions in that respect they should be forwarded before the end of June. She also invited a further report on progress in the autumn.

ANNEX B

REQUEST FOR COMMITTEE PAPER – EOC-05-01 - COMMITTEE ON EQUALITY OF OPPORTUNITY

Date of Meeting:	13 June 2001
Topic of Paper:	The National Assembly's Procurement Policy
Paper Number:	EOC-05-01(p.1)

Request

1. To provide an update on the progress made in enforcing the Assembly's equality obligations through its procurement policy, following on from the paper submitted to the Committee on 21 March 2001 (EOC-03-01(p.7)).

Response

2. In my previous paper it was stated that the Procurement Unit was identifying the scope to use public procurement in Wales to further social and economic objectives within the

context of current EU and international law relating to procurement.

3. Sections 48 and 120 of the Government Of Wales Act place a duty on the Assembly to make arrangements for its business to be conducted with due regard to the principle of equality of opportunity for all. It is accepted that wider economic, social and environmental strategies and initiatives supported by the Assembly should be more closely integrated into procurement policy subject to the constraints imposed by European Community law, and of the World Trade Organisation's *Government Procurement Agreement*..
4. When the Assembly awards contracts it does not want to inadvertently support suppliers that do not adhere to the Assembly's core values. It is reasonable to expect that Assembly contracts should be awarded to suppliers that provide equality of opportunity to the whole community. It would be wrong for a contractor to be disadvantaged when tendering for contracts, because a competitor has managed to cut costs by failing to adopt the code.. Through a commitment to best value for money the Assembly must motivate suppliers to put forward quality solutions that incorporate the Assembly's core values. There should never be a competitive advantage for a supplier that kept costs unduly low by cutting corners through non-support of the Assembly's core values. The Assembly's Head of Procurement, Julia Douch, is meeting with representatives from Northern Ireland, Scotland and the Office of Government Commerce in London on the 22nd June 2001 to discuss how best to integrate economic, social and environmental strategies and initiatives into procurement policy.
5. In the previous paper I outlined that the Procurement Unit will be developing a Voluntary Code of Practice which suppliers will be invited to 'sign up' to. Suppliers who agree to sign up to the principles contained in the code will be able to register on the Assembly's supplier database. The Procurement Unit has produced an initial draft of the Voluntary Code of Practice and will be asking suppliers to sign up to before conducting business with the Assembly. Representatives from the Assembly's Equality Policy Unit and Sustainable Development Unit will be attending a meeting with the Procurement Unit on the 13th June 2001 to discuss the first draft of the Voluntary Code of Practice. They will consider the content of the draft guide and to what extent external bodies also need to be involved in it's refinement, agree a timetable and identify outline responsibilities for each of the interested groups.
6. The Office of the Counsel General has recommended that once the revisions to the Assembly's procurement policy have been completed, the Assembly's standard contract documents will need to be redrafted by specialist counsel. It is planned for the specialist counsel to have the standard contracts to consider mid July.
7. Work on drafting the guidance for suppliers '*Winning our Business*' has commenced and should be completed by the end of August 2001. This will incorporate the Assembly's guidance on environmental best practice and the guidance currently issued to SMEs detailing our procurement policy and procedures. The revised guidance will reflect the Assembly's commitment to wider economic, social and environmental strategies.
8. Preliminary meetings have been held in relation to the development of the Procurement web page '*Winning our Business*' and the development of a supplier database, which will be populated by suppliers who have signed up to the Voluntary Code of Practice. The database will be accessible via the intranet by Assembly officials for sourcing suppliers.

Early indications are that the development of the web page and the supplier database should be complete by 1st October 2001 in line with our planned timetable

ANNEX C

WINNING OUR BUSINESS – A VOLUNTARY CODE

Our philosophy – a better Wales

The National Assembly for Wales is an organisation that is committed to improving the quality of life of everyone living in Wales, now and in the future. That includes:

- developing a prosperous and healthy economy
- promoting social inclusion and equality of opportunity and
- the environment being cherished and protected so that it remains healthy and biologically diverse in order to support us all

The Assembly believes that these objectives can only be achieved if economic, environmental and social issues are simultaneously taken into account in everything that it does.

Why this Code?

The Assembly is developing and implementing new policies and programmes with a wide variety of organisations across Wales to achieve these objectives. However the Assembly feels that it is not sufficient to tell others what they ought to be doing to improve life in Wales, but to be leading from the front, demonstrating to other organisations what can be achieved through its own operations and in-house activity.

Procurement is an important part of this because the Assembly has a budget of £8 billion a year. The impact of this spending in social, economic and environmental terms is significant, so we want to ensure that the impact of that money is positive rather than negative.

The Assembly plans to do this in a number of ways:

- in addition to ensuring that our value for money criteria recognise that lowest price is not necessarily the best solution, purchasing decisions will take other factors into account such as the economic, environmental and social impacts of

- goods and services both in the short and long-term;
- we will invite prospective suppliers to describe their business philosophy, policies and credentials to us so that we can be sure that those we do business with share - or have aspirations to share - common goals.

In turn the National Assembly will:

- take care not to impose unnecessary obstacles to winning Assembly business or that of the wider public sector;
- clearly specify the information we want from prospective suppliers, in order that we can apply purchasing criteria fairly;
- work with suppliers to identify more sustainable ways of meeting needs; and
- look for opportunities to enhance the innovation and competitive capacity of suppliers, particularly small and medium enterprises.

It seems sensible to explain some of our thinking behind these criteria.

Keeping it local

Ultimately, all those bidding for Assembly business will do so on the basis of open competition, and the Assembly will welcome all potential suppliers who share our values and think they can help us achieve our objectives.

Many people living in Wales are without jobs so, wherever possible, the Assembly would like to use its money to create jobs. Positive action - but not positive discrimination - will be taken to assist this process. This should help to ensure that money earned locally stays locally, and benefits the communities in which people live.

Suppliers will be encouraged to adopt a similar approach, For Example, using products and raw materials from Wales can keep money in local economies and can significantly reduce the cost of transportation, and its effect on the environment.

Treating people fairly - at home

As a minimum, the work place must be a safe working environment. Co-workers should be treated with the respect they deserve and must not be discriminated against on the basis of their ethnic origin, religion, sex or disability. It's only fair.

.....and abroad

Some products will originate from overseas. The Assembly respects different cultures and acknowledges that local working conditions differ from country to country but no matter

where, we expect all our suppliers to live up to good basic requirements and take reasonable steps to ensure that these basic requirements are met.

Where possible and appropriate, products should carry the Fair Trade Mark, which guarantees a better deal for farmers, growers and small-scale producers. It is also an international guarantee that child labourers have not been used.

Our environment

Everything we do affects our planet and its resources. We are all dependent on natural resources for our development, growth and well-being. Therefore environmental issues and how to use resources in an intelligent way must become an integral part of everyone's daily work.

Many suppliers have already put environmental management systems in place, while others are just now beginning to do so. Together with our suppliers, we want to work towards continuous environmental improvements, particularly in areas such as resource efficiency and waste minimisation.

Next steps

As a first step the Assembly is inviting its existing and potential suppliers to register their support for the Voluntary Code. This can be done via the new Assembly Procurement web site, which can be found at www.winningourbusiness.wales.gov.uk.

We are currently developing a questionnaire in the form of a matrix which will help us both assess how much you have already achieved and where you think improvement is possible. The more you are doing, the more likely it is that you will win our business – particularly on large contracts. However the Assembly is keen that new companies, or those of you that have not previously had the opportunity to explore issues within Sustainable Development, such as equality of opportunity and environmental policies, are given the chance to do so, and so win our business.

What will be needed from you is a firm, consistent and continuing approach to improvement. Throughout this site you will find Links to organisations who can assist you in this process of improvement, and those of you who have made a commitment to support our core values will still be able to bid for work in the normal way.

To summarise

The Assembly appreciates that change cannot happen overnight. This Voluntary Code is the start of an ongoing but exciting process that will develop over time. The Assembly intends

to persuade other organisations in Wales – specifically the public sector – of the benefits of this approach.

So for those of you who are prepared to work with the Assembly to help us achieve our objectives, there will be the opportunity to win our business, save money, be a good employer, a better neighbour and as a result gain competitive advantage in the wider market place.

We look forward to working with you.