

# Comisiwn y Cynulliad Assembly Commission

NAFWC 2012 (Paper 6 Part 1)  
Schedule of contracts

Cynulliad  
Cenedlaethol  
Cymru  
National  
Assembly for  
Wales



**Date:** Wednesday 29 June 2011

**Time:** 11:30–13:00

**Venue:** Conference Room 4B

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## Schedule of contracts

### 1.0 Purpose and summary of issues

1.1 At their recent informal meeting Commissioners requested further information about the Assembly's schedule of contracts.

### 2.0 Recommendation

2.1 Commissioners are invited to note the attached schedule and consider how the Commission might take a more active role in the Assembly's approach to procurement. Some options are set out at the end of this paper.

### 3.0 Assembly's schedule of contracts

3.1 A summary of the Assembly's schedule of contracts is attached at Annex A.

3.2 The schedule shows the contracts over £25,000 that are due for renewal each year. It gives summary details of each contract and, in particular, the start and finish dates. The column headed 'Framework' indicates those contracts which are let under a public sector 'framework' and for which simpler tendering arrangements are in place.

3.3 The schedule assists with the forward planning of future procurement.

#### **4.0 Wider procurement issues**

4.1 The schedule is also published on the Assembly's internet site so that potential suppliers can be aware of the business the Assembly contracts to external providers. In doing this we provide an indication of the contracts likely to be offered for tender in the future although there can be no guarantee that a particular contract will be renewed in its existing form or, indeed, at all. This contributes to the Assembly's policy to encourage and support small and medium-sized enterprises through its procurement policy and provides information both to suppliers who might wish to tender for these contracts and also to small and medium-sized enterprises who might wish to develop their business by acting as a sub-contractor to a main supplier.

4.2 Procurement is a complex process and a tightly controlled element of the Assembly's business. As well as the underlying need to meet business requirements efficiently and effectively, procurement is influenced by legal requirements and Assembly policies in relation to:

- encouraging small and medium sized enterprises;
- sustainability;
- social responsibility;
- open and fair competition;
- European law (the single market); and
- ensuring value for money.

4.3 It is worth noting that on occasions these factors can work in opposite directions. For example, drivers to reduce costs through collaboration and cooperation between authorities encourage the letting of large contracts. Conversely, policies to encourage small and medium-sized enterprises can point towards smaller contracts. One way to reconcile these is by building opportunities for sub-contractors into larger contracts and the contracts schedule assists with this.

Schedule of contracts

- 4.4 It is also worth noting that policies directed solely at encouraging local companies would be illegal under EU single-market provisions. The European Union does encourage policies for the development of small and medium-sized enterprises which, of their nature, tend to be 'local' to the contracting authority but procurement practice must ensure that opportunities are not restricted geographically.
- 4.5 Procurement is a highly litigious area and the law provides opportunities for potential suppliers who feel they have been unfairly treated to seek redress through the courts. These powers have recently been enhanced by the new EU Remedies Directive which has both strengthened the powers of the courts and increased the penalties for compliance failure.
- 4.6 In any contract, procurement is only the start of the process. If contracted services are to be delivered successfully there is a need to maintain effective working relationships with the contractor to ensure adherence, on both sides, to contract requirements while enabling a flexible approach to changing needs and circumstances. The improvement of contract management is one of our development priorities.
- 4.7 The Assembly Commission's Audit Committee has considered a number of internal audit reports on procurement and contract management, which have identified important lessons to be learned and recommendations for developing our controls and expertise. The Committee has been broadly satisfied with the progress made in taking forward recommendations from the internal audit reports, but wants to see further evidence that we are embedding the planned changes over the year ahead. The Committee plans to monitor carefully the progress on implementing the improvements.
- 4.8 The Assembly Commission may wish to discuss and explore aspects of procurement and procurement policy further. Some options for closer involvement of Commissioners include the following:
- Commissioners may wish to take an interest in more significant contracts of particular relevance to their portfolio, to be involved in the specification of the service, to be consulted about the procurement process and keep

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Schedule of contracts

an overview of service standards under the contract. For example, the current ICT service from Siemens (our biggest external contract) is due to end in 2014 and planning our approach has started. This will be a complex process and is key to services for the Assembly;

- a Commissioner could lead for the Commission on our current review of procurement policies and process, with a view to reporting back on changes and improvements in the autumn; and
- a comprehensive policy review of the Commission's approach to insourcing and outsourcing services could be undertaken, with a Commissioner providing oversight, and leading on consultation. This could have wider implications about the way Assembly services are provided and how much they cost.