



**NORTHERN IRELAND  
ASSEMBLY**

**Ms Sue Ramsey MLA, Chairperson,  
Committee for Employment and Learning**

Mr Mitchel McLaughlin MLA  
Chairperson  
Finance and Personnel Committee  
Room 428  
Parliament Buildings  
Stormont  
Belfast  
BT4 3XX

21 January 2009

Dear Mitchel,

**Re: Scrutiny of Public Procurement Practice in Northern Ireland**

As you are aware through the informal discussions that we have had, the Committee for Employment and Learning holds considerable concerns about the public procurement process and its practice here. It is on that basis that the Committee welcomes your scrutiny of public procurement policy and practice.

In the last session, as you are aware, the Committee undertook an inquiry into Training for Success, which replaced Jobskills as the Department for Employment and Learning's primary professional and technical training programme in September 2007. Early on in the Inquiry, the Committee became aware of problems surrounding the procurement exercise for the programme. These problems surfaced in the evidence of a number of witnesses from whom the Committee had sought views. The Committee realised that there was a significant problem with the procurement exercise.

The Committee had a particular concern that local providers, often from the community and voluntary sectors, which have a proven record of working successfully with departments are not being awarded contracts as the lead provider. In many cases they

Committee for Employment and Learning  
Room 283, Parliament Buildings, Stormont, Belfast BT4 3XX  
Telephone: (028) 9052 0379 Fax: (028) 9052 1433  
E-mail: [cel@niassembly.gov.uk](mailto:cel@niassembly.gov.uk)

are having work sub-contracted to them by an external organisation with more experience in bidding for high-level contracts. This leaves the local Small and Medium Enterprises (SMEs) and Social Economy Enterprises (SEEs), doing the bulk of the work entailed by the contract, but for much less than the full payment awarded for it. The Committee is anxious that the Finance and Personnel Committee's scrutiny of public procurement should highlight the need for the capacity of SMEs and SEEs to bid for these contracts to be greatly enhanced and supported by government. Assisting local SMEs and SEEs to build capacity and understanding in relation to public procurement tenders, would give them a more realistic chance of winning sizeable public contracts on the basis of open competition, and would keep work within the local economy with organisations whose activities are well-known to government. This, in turn, might help prevent the problems surrounding the awarding of contracts such as that to Carter and Carter under the Training for Success programme. I will not rehearse the background to that issue here, as the Central Procurement Directorate (CPD) in the Department of Finance and Personnel (DFP) will be able to supply your Committee with all the details.

The Employment and Learning Committee understands that much of the public procurement process is subject to European Union Directives and legislation; however, it is clear that a great deal can be done by CPD to build greater understanding of the tendering process by local SMEs and SEEs without having to break any rules.

As a result of its concerns surrounding the Training for Success procurement exercise, the Committee made six recommendations to the Department for Employment and Learning, in conjunction with CPD. However, the recommendations, while made in respect of the Training for Success procurement, are generally applicable to any procurement exercise:

- Put in place mechanisms to ensure that stated agreements in contract bids are supported with formal written documentation clearly demonstrating the willingness of third-parties to be considered as part of the substantive bid (and

which provide details of the level of resources agreed to be provided) and that these bids are subject to rigorous qualitative assessments;

- Provision of a programme of support to local prospective training suppliers aimed at improving their understanding of the tendering process particularly the tender requirements when competing at a pan-European level;
- Ensuring that, in the assessment of single contracts which cover the whole of Northern Ireland, that consideration is given to the geographic dispersity of the proposed locations for the contract delivery;
- Consideration of methods of streamlining contract awards to ensure they are appropriate and meaningful to both suppliers and trainees [users] geographically and across training levels [or the equivalent of any contract where provision is split];
- Review the current scope and criteria for select tendering procedures; and
- Utilise Sectoral experience within the tendering process.

The Committee is content to make the Training for Success Inquiry report and all the evidence gathered for it available to your inquiry through our respective Clerks.

More recently, the Committee has had concerns about the procurement exercise for the Department for Employment and Learning's Steps to Work programme. This programme rolled out in September 2008 with area contracts; however, in some localities there were issues with tenders and there were delays in the tender being awarded. The Committee is unsure as to how the tenders were finally awarded in these areas and understands that legal action resulted. As part of your inquiry, the Committee would urge your Committee to examine the process around the tendering and awarding of contracts for this programme. Again, the Committee is concerned that local providers may not have had the support they should when bidding for contracts and we are aware of issues around the ability to provide the infrastructure required by

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the contract on the part of some of the providers. The Committee generally feels that the fact that an organisation can bid for contracts in areas where it has no proven infrastructure or record of provision is worrying. We understand that EU competition rules create this issue; however, it is our hope that your inquiry may find ways of ameliorating this situation. Again, any information that we have can be shared by our respective Clerks.

The Committee is aware that the Scottish Executive has had some success with the use of Social Inclusion Clauses in public procurement exercises and we would recommend that your inquiry investigates these successes with a view to their application to our own process. The inclusion of such clauses in public procurement exercises would allow us to achieve certain social aims outlined in the Programme for Government and may also have the added benefit of giving a boost to some of our local community and voluntary groups.

You are also probably aware that the Committee has made representations on a number of fronts for a quota of apprentices to be included in the award of any contract through the public procurement process. The Committee is concerned that in the current economic downturn considerable numbers of apprentices are being made redundant, with limited hope for finding a foster employer and in some cases being unable to complete NVQ assessments because they do not have a work placement. In the interests of creating a greater skills base for our economy we must be able to guarantee good quality and reliable workplace training. One of the best ways that this can be achieved is by having a well regulated and extensive system of apprenticeships. Public procurement has its part to play in this. The Committee has written to the Finance Minister on this issue and we understand that in the case of publicly procured construction contracts there are aspirational targets for the number of apprentices involved, although these would seem to be voluntary. The Committee would press for more concrete quotas for apprentices involved in public contracts and would see such quotas extending beyond contracts for construction projects.

Contained in PSA 2 (Skills for Prosperity) and PSA 3 (Increasing Employment) of the Programme for Government (PfG) are a number of aspirations involving increasing our

skills base and increasing employment levels and reducing economic activity. The Committee believes that targets can be achieved in these areas through the public procurement process. In addition, a good public procurement process can deliver on other PfG aims surrounding social inclusion and the development of the social economy.

The Committee stands ready to assist in any way that it can with your inquiry. As I said previously, our respective Clerks can liaise to ensure that your inquiry is in possession of all the papers that we might hold that might prove useful to you.

Yours sincerely,

A handwritten signature in black ink that reads "Sue Ramsey". The signature is written in a cursive style with a period at the end.

**Sue Ramsey MLA**  
**Chairperson**