

Framework agreements

Briefing note

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The current call for streamlining, tightening belts and value for money probably goes only part of the way to explaining why Framework Agreements are becoming an increasingly popular form of procurement.

Although Framework Agreements are nothing new, it is now more appropriate than ever to examine the benefits and pit falls of these arrangements, given the economic and regulatory pressures on those seeking strategic procurement solutions, particularly within the public sector.

In brief, Framework or “umbrella” agreements are used to establish and regulate long term collaborative arrangements with suppliers, which can cover the provision of goods, works and services or a combination of these.

Benefits can include security of long-term commitment, reduced transaction costs, long term relationships, which support

continuous improvement, and better value and community wealth.

With these goals in mind, the rather noble aim of Framework Agreements is to cut down the amount of time and money spent on tendering procedures, where there is scope for a ‘once and for all’ approach rather than repetitive bidding.

And there we have the crux of the matter, for that very same ‘once and for all approach’ ought not to be confused with the misconception that this is a ‘one size fits all’ option!

For framework agreements to operate effectively, it is essential that they are properly structured with the correct underlying contracts suited to the particular works/services package. Investing time at the outset to set up a workable and appropriate framework is key to their successful operation.

We have already seen this year, that the High Court is not adverse to setting aside Framework Agreements, which have failed to meet the

stringent statutory requirements which regulate them.

Those seeking to adopt the Framework Agreement approach to procurement need at the very outset to address a number of key points with their advisors, which will include:

- What structure are you looking for i.e. single or multiple party arrangements?
- How long is the Framework agreement to last?
- What will be the most appropriate form for the crucial underlying contracts i.e. term contract/ basic standard form?
- Do there need to be bespoke amendments to the standard form agreements
- How will your arrangement be affected by public procurement regulatory and OJEU issues

Framework agreements set up well, work well. But rather like the buildings they might seek to procure, those agreements, which are poorly constructed, are at risk of crumbling down.



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