

**Department of Finance
Memorandum on the Fourth
Report from the
Public Accounts Committee
Mandate 2022-2027**

Public Procurement in Northern Ireland

**Presented to the Northern Ireland Assembly
by the Minister of Finance**

12 February 2025



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3/.

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This publication is available at the Public Audit and Public Accounts Committee section of the Accountability and Financial Management part of the DoF website: <https://www.finance-ni.gov.uk/>.

Any enquiries regarding this document should be sent to us at: procure.policy@finance-ni.gov.uk.

Contents

Pages 5-8

Department of Finance:
Public Procurement in Northern Ireland

Glossary of Abbreviations

CoPEs	Centres of Procurement Expertise
DoF	Department of Finance
NI	Northern Ireland
PSSSP	Public Sector Shared Services Programme
SMEs	Small to Medium Sized Enterprises
ToR	Terms of Reference

Fourth Report

Department of Finance

Public Procurement in Northern Ireland

PAC Recommendation 1

The Committee recommends that the Department establishes a procurement strategy for the Northern Ireland Civil Service and other relevant central government public bodies as a matter of urgency that will provide the basis for a coordinated approach for public procurement activity in Northern Ireland.

The Department of Finance (DoF) accepts this recommendation.

Target Implementation date: 31 March 2025

DoF's Construction and Procurement Delivery has carried out a consultation on a draft Public Procurement Policy Statement which refreshes the 2002 Public Procurement Policy Document and establishes the strategic objectives underpinning public procurement here.

The Executive's existing Public Procurement Policy document was last updated in 2014 and refers back to the Policy established in 2002. From 2002 to 2024, there have been 13 external reports with over 200 recommendations on improvements to public procurement. The proposed draft Public Procurement Policy Statement distils the recommendations from those legacy reports on public procurement and aligns these to the draft Programme for Government to produce a draft Public Procurement Policy Statement.

The proposed draft Public Procurement Policy Statement includes the following four Principles and is supported by 21 strategic objectives:

- Accessibility;
- Efficiency and Effectiveness.
- Social Value; and
- Transparency.

It is anticipated the proposed Public Procurement Policy Statement will be forwarded to the Executive for approval by 28 February 2025.

PAC Recommendation 2

The Committee recommends that within six months of the establishment of a procurement strategy, the Department establishes a set of metrics that will be used to provide the basis of cross-sectoral performance assessment for the effectiveness of procurement and ongoing evaluation of the impact and value of current CoPE structures.

DoF accepts this recommendation.

Target Implementation date: 30 September 2025

The draft Public Procurement Policy Statement includes a Principle of Efficiency and Effectiveness of the procurement function. Following Executive approval of the Procurement Policy Statement, a Task and Finish Group with representatives from all nine Centres of Procurement Expertise (CoPEs) will be established to develop a set of metrics to provide the basis of cross-sectoral performance assessment for the effectiveness of procurement and ongoing evaluation of the impact and value of current CoPE structures.

PAC Recommendation 3

The Committee recommends that the Department undertakes an urgent review to determine the most appropriate governance and oversight structures to be put in place to support strong leadership and decision making and to allow system-wide oversight of performance against the new strategy's priorities.

DoF accepts this recommendation.

Target Implementation date: 31 December 2025

DoF agrees that appropriate governance and oversight structures should be in place as laid out in the Committee's recommendation, and a review will therefore be undertaken to determine the most appropriate structures to support strong leadership and decision making and to allow system-wide oversight of performance against the new strategy's priorities. DoF would highlight though that funding would need to be made available by the Executive to undertake such a review and implement changes.

DoF would assure the Committee however that as a minimum, similar governance structures for monitoring the performance of the Investment Strategy NI will be used to ensure system-wide oversight of the performance of the Procurement Policy Statement and underpinning strategic objectives.

PAC Recommendation 4

Once established, the Committee recommends that the oversight body carries out a review of the current procurement structures in place to determine if the current structures remain optimal for procurement in Northern Ireland.

DoF partially accepts this recommendation.

Target Implementation date: 31 December 2026

The Public Sector Shared Services Programme (PSSSP) was established following the January 2015 Executive Paper "Public Sector Restructuring and Reform", which mandated public sector organisations to consider shared services as part of their future strategic planning work. This Programme assessed the viability for the provision of a shared service approach to HR, payroll, finance (including procurement and logistics) and IT provision across the Northern Ireland (NI) public sector in the short, medium and long term. Extensive evidence gathered by the Programme from 2016-2019 indicated that the structures in place at that time were fit for purpose and that reform of back-office services should be taken forward in the existing sectors optimising the use of (and delivery by) the current shared service providers.

The recommendation is partially accepted as, to avoid duplicating the extensive research carried out by the PSSSP, and subject to funding, the oversight body will carry out a 'high-level' review to establish if the conditions outlined in the PSSSP Business Case are still valid (and therefore the existing procurement structures remain optimal) or if procurement organisations' operating conditions have changed significantly to warrant further consideration of the structures in place. This high-level review will be completed by 31 December 2026.

PAC Recommendation 5

The Committee recommends that the Department undertakes a review of the capacity and capability issues affecting procurement and puts in place a strategy to attract and retain the skills required. This review must include consideration of the potential for effective co-operation and collaboration between CoPE and contracting authorities.

DoF accepts this recommendation.

Target Implementation date: 30 September 2025

A Terms of Reference (ToR) has been developed for a sub-group of the CoPEs Heads of Procurement Group to review the capacity and capability which exist across CoPEs and to ensure a sustainable pipeline of procurement professionals for the public sector. The ToR is divided into five work streams; i) attracting new people to the profession; ii) professional qualifications; iii) recruitment; iv) skills; and v) retention. The sub-group has met three times since July 2024 and has commenced work on the development of a strategy to attract, recruit and retain the skills required and to continuously develop staff. This will include consideration of co-operation and collaboration between CoPEs and contracting authorities.

PAC Recommendation 6

The Committee recommends that, within six months, the Department completes a formal review of the impact that the Scoring Social Value policy has had on SMEs access to public markets.

DoF accepts this recommendation.

Target Implementation date: Recommendation implemented

The Strategic Investment Board carried out two reviews of the Scoring Social Value policy in February 2023 and February 2024. The primary purpose of the reviews was to help inform the Executive's decision to increase the minimum weighting for scoring social value from 10 per cent to 20 per cent. Both reviews also captured feedback from suppliers which indicated that scoring social value in low value services contracts is challenging particularly for small and micro businesses who felt disadvantaged compared to larger companies who were better equipped to score higher in the social value requirements. To help reduce the burden on small and micro businesses the threshold for scoring social value in services contracts has been increased to £500,000 (from the previous UK Procurement Threshold of £139,668). The revised Social Value in Procurement Policy was approved by the Executive on 5 December 2024 and is effective from 24 February 2025 and is available on the DoF website.

PAC Recommendation 7

The Committee recommends that within six months the Department, in consultation with its stakeholders, establishes a model for internal and external stakeholder engagement that will provide a sound basis for appropriate engagement in relation to any future procurement policy interventions and innovations.

DoF accepts this recommendation.

Target Implementation date: 30 September 2025

Within six months, DoF will establish a stakeholder engagement strategy and plan in consultation with its stakeholders, including Invest NI and Intertrade Ireland who engage with Small to Medium Sized Enterprises (SMEs) on a regular ongoing basis. The strategy will ensure appropriate engagement is carried out with both internal and external stakeholders in relation to any future procurement policy interventions and innovations.

PAC Recommendation 8

The Committee recommends that, as part of its stakeholder engagement model, the Department produces a communications strategy that ensures that it reaches all potential suppliers, including SMEs and new businesses.

DoF accepts this recommendation.

Target Implementation date: 30 September 2025

As DoF develops its stakeholder engagement strategy, as referred to in the response to Recommendation 7 above, it will also produce a communications strategy that ensures it reaches all potential suppliers including SMEs, Micro Businesses and new businesses.

PAC Recommendation 9

The Committee recommends that an interface between eTendersNI and the UK single portal must be put in place as a matter of urgency and requests the Department to provide an update to the Committee on progress in implementing this interface within three months.

DoF accepts this recommendation.

Target Implementation date: 24 February 2025

Work has been ongoing since February 2024 to put in place an interface between eTendersNI and the UK single portal. The specification of changes to eTendersNI to facilitate this interface was agreed with the eTendersNI provider, European Dynamics in April 2024.

Cabinet Office has developed the technical specification for the interface and testing has been carried out to ensure the interface is fully functional for the implementation of the Procurement Act on 24 February 2025.

PAC Recommendation 10

Upon the agreement of a set of performance metrics for procurement the Committee recommends that the Department engages with CoPE to establish proportionate arrangements to ensure the consistent recording of performance information needed to report against these.

DoF accepts this recommendation.

Target Implementation date: 30 March 2026

Following the establishment of performance metrics, as detailed in the response to Recommendation 2 above, DoF will engage with all CoPEs to establish proportionate arrangements to ensure the consistent recording of performance information from each CoPE, which is needed to report against these in a timely and ongoing basis.

PAC Recommendation 11

The Committee recommends that the Department ensures that, once the governance structure has been established, appropriate arrangements are put in place to ensure that issues relating to technological risks and opportunities are subject to suitable oversight at a strategic level.

DoF accepts this recommendation.

Target Implementation date: 31 December 2026

Arrangements for the oversight of advancements in technologies will form part of the Public Procurement governance arrangements as detailed in the response to Recommendation 3. The arrangements will ensure there are not significant differences in the exploitation of opportunities, or exposure to risks, associated with new technologies in different areas of the public sector. Lessons learned will be shared across CoPEs following the adoption of new technologies. DoF will also keep up to date and share technological developments in other jurisdictions.