



QPANI Submission to the Assembly Finance Committee: SMEs and SEEs access to public Procurement, February 2009

Introduction

The Quarry Products Association Northern Ireland welcomes the opportunity to comment on the Committee for Finance and Personnel scrutiny of public procurement policy and practice.

Founded in Northern Ireland in 1998 the Quarry Products Association NI now represent over 95% of the quarry products industry. Our membership includes major, medium and smaller sized companies directly employing around 4000 people with an annual turnover of over ¾ billion pounds.

The Quarry Products sector is a key essential industry that contributes significantly to the quality of life of every man woman and child in Northern Ireland.

The quarry products industry has a long and proud history of

- 1. Providing secure, long term employment in rural areas designated by Government as targeting social need.*
- 2. Being a massive net contributor to the Northern Ireland Economy and a major investor in local communities.*
- 3. Not receiving hand-outs or benefiting from Invest NI assistance similar to that given to overseas companies who stay for a short period then leave.*

4. *Having the majority of our companies, both large and small, family owned with their roots firmly established in Ireland.*
5. *Fulfilling our Corporate and Social Responsibility by investing significantly in the Environment and in protecting the health and safety of all who work in and visit our sites.*

Our membership is made up of mainly of companies classified by Government as SMEs.

The Quarry Products Association NI is a member organisation of the Construction Industry Group for Northern Ireland (CIGNI). We liaise regularly with Government Construction Clients and the Centres of Procurement Expertise through the Construction Industry Forum for Northern Ireland (CIFNI). QPANI have found this forum extremely helpful in the past as matters over procurement issues have been discussed and resolved to mutual benefit. However things have sometimes never been ideal and there have been issues in the past that were not resolved and to this day still create problems.

QPANI comments and experience on public procurement policy in Northern Ireland.

1. QPANI believe that public procurement policy should deliver value for money and sustainable development for the Northern Ireland Economy.
2. In terms of the construction procurement policy it should be consistent, transparent, fair and create an environment that will ensure the development of a truly sustainable construction industry in Northern Ireland.
3. There is an excessive use of Consultants in the NI procurement process. This is taking much needed revenue away from front line services and increasing bureaucracy within the process.

QPANI wish to see a procurement policy that will

- Reduce bid costs – therefore improve value for money
- Minimise the risk of legal challenge
- Assess contractors on actual performance not just on sales pitch
- Recognise that not one size fits all
- Provide opportunity for a wider pool of local contractors to bid for work
- Avoid long term exclusion for proportionally large amounts of work
- Contend with ever changing work flow and uncertainty of work volumes
- Adopt common policy and practice across all public sector clients.
- Be flexible to adapt to changing economic circumstances

Over the last few years QPANI have been lobbying a number of Government Departments and local Councils to ensure that we move to common procurement policy, specifications and practices in the procurement of construction materials and services. Many companies have invested significantly in training, health and safety, third party accreditation for quality and environmental management. Unfortunately in some so called “Centres of Procurement Expertise” these quality systems count for nothing. It is our view if companies can demonstrate best practice through a third party accredited management system then the important aspect of assessment should be how they deliver and perform on the contract.

QPANI and CIG believe that the current method of procurement by Framework contracts does not deliver value for money for Northern Ireland and will ultimately not deliver a sustainable Northern Ireland Construction Industry. We are currently in discussions with the Central Procurement Directorate, through the procurement task group, to ensure the speedy delivery of delayed construction projects due to a number of legal challenges. It is our view that “Frameworks” should be developed to suit the needs of Northern Ireland, the local community and the local Construction Industry. The packaging of projects could be dependent on geography, value, type of work or other factors deemed relevant by the client. This flexibility in the method for putting packages together should make the model useable by the vast majority of clients. We firmly believe that the benefits that would flow from such a process would be

- Industry performance is improved by effective performance monitoring and the learning on one job benefits the next
- Improved ability to actually deliver on sustainability requirements
- Bid costs are reduced because there is no secondary competition and because the client appoints the design team
- The risk of legal challenge is minimised because unsuccessful bidders for one bundle know there will be another bundle to bid for in the near future
- Successful contractors can plan with a greater degree of certainty
- There will be opportunity for SMEs to grow through winning packages themselves or through joint ventures
- Widens opportunities for local contractors to bid for work
- Accommodates a changing programme of work

QPANI members have recently reported,

- Increased costs in bidding for contracts.
- Delays in the procurement process
- An unacceptable number of contracts priced then to be suspended or cancelled leaving contractors with significant bidding costs.
- Difficulty in getting information on forthcoming work.
- Government Departments advertising and circulating tenders to sectors whose work as set out in the contract is not their core business or area of expertise
- Government Clients seeking quality accreditations from their suppliers and contractors yet do not require it off their own direct labour force.

QPANI comments on the nature, extent and application of social issues within the public sector.

QPANI understand the objective of the Northern Ireland Executive to meet wider social and environmental goals through the delivery of the Investment Strategy and wider public procurement. Public procurement is the ideal vehicle to improve standards across the supply chain and ensure responsible sourcing becomes the normal practice. We need to have a public procurement process in place that will accurately and fairly confirm that those bidding for and winning contracts are complying with equality, health and safety and environmental legislation. QPANI believe that adoption and monitoring by Government of a recognised responsible sourcing scheme as developed by BRE and BSI may be one way to ensure this. Unfortunately experience in Northern Ireland has taught us that having recognised standards and accreditations in place does not count for much with some public sector organisations. It is vital that if Government are asking for such accreditations and proof of quality and competence it must enforce and implement a monitoring system to ensure that what a contractor says they are going to do, they actually deliver.

The Construction Industry should not be viewed as the easy option way out to address the failures of Government social policy. The work carried out through the Construction Industry Forum on initiatives such as the “Proposals for promoting equality and Sustainable Development by sustainable procurement in Construction” and the “NI Sustainable Procurement Action Plan” if implemented on the ground by all should deliver the worthy social objectives as set out by the Executive. .

In terms of ensuring environmental protection it is the QPANI view that Client bodies, whether Public or Private, should by law have to appoint an individual responsible for environmental issues, similar to the CDM safety advisor on construction projects. The appointment of such a competent individual would ensure that environmental permits, waste licenses and exemptions, water discharges and site waste management plans are sought and approved prior to contractors arriving on site.

This in our view would reduce delays, improve delivery of the project and most importantly protect the local environment.

Identify Issues to be addressed and which are within the remit of the DFP

There are a number of areas within the remit of DFP, and in particular the role of CPD, that could improve the procurement process for SMEs. QPANI and CIGNI have worked closely with the Central Procurement Directorate over the past number of years. It is our view that CPDs remit should be strengthened and become more of a “telling” role rather than an “asking” role. If we are to ensure commonality of the procurement process and specifications across the public sector then CPDs remit over the Government Construction Clients must be enhanced and even enlarged to include the local authorities. (This is an issue for the final agreement on RPA). Other areas for consideration and improvement are,

- The role and resources of the Performance Efficiency Delivery Unit should be expanded to ensure the delivery of value for money on every pound spent by the public sector.
- Government Departments should report to CPD, on a quarterly basis, their “on the ground” construction expenditure against initial targets.
- The resourcing, updating and general management of online systems is crucial to ensure that SMEs have access to accurate procurement and tender information.
- Regular training, in partnership with industry Trade Organisations such as CEF, ICE, RICS and QPANI, should take place to ensure that public procurement officials are aware of new construction product standards, quality, safety and environmental standards. There should also be opportunities for public sector officials to experience at first hand working in the private sector environment.

Assess progress of DFP in achieving associated objectives and targets, including those contained in the PPG and related PSAs

As an organisation who works closely with the Central Procurement Directorate we are satisfied with the co-operation, communication and relationship that together we have developed. As previously stated we believe that the remit and authority of CPD should be increased to ensure that commonality of procurement policy, effective communication and recognition of responsible sourcing becomes the norm.

Key recommendations for improvements to public procurement policies and processes, aimed at increasing access opportunities for SMEs and SEEs

QPANI view have been stated earlier in this document.

Conclusion

QPANI welcomes this valuable opportunity to comment on the enquiry and commends the Committee for Finance and Personnel for instigating it. We look forward to playing any other role or providing further information or clarification if required.

Gordon Best

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