



Department of  
**Education**

[www.deni.gov.uk](http://www.deni.gov.uk)

AN RÓINN  
**Oideachais**

MÁNNYSTRIE O  
**Lear**

Peter McCallion  
Clerk to the Committee for Education  
Room 243  
Parliament Buildings  
Ballymiscaw  
Stormont  
BELFAST  
BT4 3XX

Rathgael House  
43 Balloo Road  
Rathgill  
Bangor  
BT19 7PR

Tel No: [REDACTED]

Fax No: [REDACTED]

Email: [REDACTED]

1 February 2013

Dear Peter

## **PROCUREMENT BY ESA**

Your correspondence of 14 January 2013 refers.

As highlighted in the Minister of Education's correspondence of 17 December, the Department of Education (DE) has reviewed the delivery of procurement services in the education sector.

The two major areas of procurement, supplies and services and construction, were taken forward as separate work streams within the review to ensure that the most appropriate solution was developed for each type of procurement.

The review team gathered evidence from a range of sources, including analysing best practice examples from England, Scotland, Wales and the South. There was also significant engagement with other government departments and agencies here. This informed the development of detailed appraisals considering a number of options for the future delivery of both supplies and services and construction procurement. These options ranged from carrying out all procurement functions in-house within the sector to outsourcing to the Central Procurement Directorate (CPD), or another Centre of Procurement Expertise (CoPE).

The appraisals, which were quality assured by an independent procurement expert, concluded that whilst out-sourcing was the most appropriate solution for the future delivery of supplies and services procurement, it was necessary for ESA to gain accreditation, as a construction CoPE.

There are significant risks associated with the out-sourcing of construction procurement, particularly for a Department with DE's level and variety of capital spend. Currently, CPD Construction Division provides construction services for

individual capital projects to public sector clients rather than strategically planning the procurement approach for a major capital investment programme, as required in the education sector. In addition, there are a number of significant benefits associated with retaining the construction procurement function in-house, particularly responsiveness to business need and the future opportunity to carry out some technical construction services, such as design or project management, in-house.

Proposed structures for capital planning and investment in the ESA are now being refined by the ESA Implementation Team. This will ensure best practice in capital procurement is embedded in the organisation from the outset. CPD is currently working to determine the timescale for a future CoPE accreditation exercise for all government bodies.

In supplies and services procurement, a very high proportion of education spend is on common goods and services. Utilising the services of CPD will, therefore, ensure that the education sector participates fully in collaboration with other parts of the public sector and is in line with the recognised need for greater pan-government collaboration and aggregation of demand in procurement. I note that the DFP Minister has warmly welcomed the proposals. Utilising the services of CPD will also secure immediate CoPE accredited arrangement for the sector and provides instant access to a large team of procurement experts.


Consequently, it is not the intention for the ESA to seek CoPE accreditation for supplies and service procurement. It is envisaged that a Service Level Agreement (SLA) with CPD will be agreed on the establishment of ESA, not in April 2013 as incorrectly stated in the correspondence of 17 December. Initial discussions have taken place with CPD and it is envisaged that a formal project structure to take forward the transfer of procurement services will be adopted in the near future.

CPD has indicated that it has the capacity to become responsible for a range of procurement services for the education sector, including development of a procurement strategy, market engagement, management of tendering processes, award of contracts and strategic contract management. However, in line with other government departments, which utilise the services of CPD, a procurement advisory team would also continue to be required within the education sector. Annex A details the functions, which will be performed by this procurement advisory team in the ESA.

Given its level and variety of procurement spend, it is envisaged that CCEA will be named in addition to ESA on the SLA with CPD and will be able to utilise the services of CPD directly. The procurement requirements of other Arms Length Bodies will be small volumes of relatively low value goods and services for their own use. It is unlikely each organisation would require a procurement unit, rather it is envisaged that they will be guided by the procurement advisory team within ESA and will be able to avail of the contracts established for ESA by CPD.

I hope this is helpful.

Yours sincerely

A large black rectangular redaction box covering the signature area.A black rectangular redaction box covering the name of the sender.

**Departmental Assembly Liaison Officer**

## **Annex A: Proposed Functions of Procurement Advisory Team in the ESA**

- a) Initial advice to education sector organisations on supplies and services procurement.
- b) Advise on when CoPE advice must be sought.
- c) Liaison between CoPE and the education sector.
- d) Engagement with business areas to identify the supplies and services procurement priorities for the coming year and development of a procurement plan.
- e) Ongoing review of the CoPE's performance and activity
- f) Formal review of the relationship with the CoPE on a quarterly basis;
- g) Maintenance of a central register of all supplies and services contracts;
- h) Monitoring of contract extensions, variations and Single Tender Actions (STAs);
- i) Compliance checking/auditing of procurement activity throughout education sector organisations;
- j) Co-ordination of spend and performance data for education sector organisations;
- k) Assist in the development of appropriate IT systems to support best practice in procurement and purchasing.
- l) Assist business areas with the preparation of specifications before submission to the CoPE;
- m) Establishment and secretariat to Procurement Forum to be attended by key contacts in relevant business areas and bodies;
- n) Dissemination and promotion of procurement policies to staff within the education sector and
- o) Development and delivery an awareness programme on procurement, and contract management for the education sector.