# From the Permanent Secretary Mark Browne

Daniel McCrossan MLA

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Dear Mr McCrossan,

#### Letter from PAC Chair

I refer to your letter of 19 July 2024 seeking responses to your enquiries regarding the impact of procurement reforms across the Department and its Arms-Length Bodies (ALBs).

The attached information provides our Departmental response. You will note that CPD has provided a consolidated response for all departments, ours included, and some ALBs which utilise the shared service with regards to questions 4-10. The Education Authority is a Centre of Procurement Expertise and has provided a response to all questions. Additionally, please see further information from our ALBs which responded where applicable, with regards to questions 1-3.

Yours sincerely,

Romin Armon

On behalf of MARK BROWNE (Dr)

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#### DoF RESPONSE TO QUESTIONS 4 to 10

No.	Committee Member's	DoF Response
	Question	
Spe	cific Questions for Centres of Pro	curement Expertise
4	Does your CoPE have a robust workforce plan that details the optimal workforce you will require over the next 3-5 years to deliver an effective service?	The Department of Finance has two CoPEs (i.e. Construction Division and Supplies and Services Division) which provide a shared service to NI Departments and some Arms- Length Bodies on a hard-charging basis through a Memorandum of Understanding. The list of public sector bodies can be found <u>here</u> . The workforce for each CoPE is aligned to the demand for services from Departments and their Arms- Length Bodies. As each CoPE operates on the basis of full-cost recovery its workforce plan/organisational structure is developed on known demand. The organisational structure is reviewed on a regular basis (at least annually) and vacancies are filled on the basis of the known profile of work. Both CoPEs have a formal plan for recruitment and are working with NICSHR on a retention strategy.
5	Is there any shortfall between your actual current total workforce and grade mix compared to that plan? Please provide details of optimal and actual FTEs.	<ul> <li>The current shortfall against the workforce required to meet current demand is as follows:</li> <li>Construction Division optimal workforce is 170 FTE; actual workforce is 134 FTE (i.e. 36 vacancies).</li> <li>The 36 vacancies are spread across the following grades and disciplines:</li> <li>4 - Architects</li> <li>5 - Surveyors</li> <li>10 - Engineers</li> <li>11 - Client Advisors/Project Managers</li> <li>6 - Procurement Operations staff</li> </ul>

		Recruitment competitions for the above vacancies are on-going.
		<b>Supplies and Services Division</b> optimal procurement workforce is 50 FTE; actual workforce is 40 FTE (i.e. <b>10 vacancies</b> ). The 10 vacancies are at Senior Procurement Officer level (Staff Officer equivalent). These vacancies are filled by graduate trainees at EO1 level who achieve straight through grading to Senior Procurement Officer when they achieve their professional qualifications (this takes circa three years). A recruitment competition for Graduate Trainees has been carried out with over 100 applicants shortlisted for interview during August 2024. Job offers are planned for September/October 2024.
6	Are there any specific professions or areas of expertise where your CoPE struggles to recruit and retain appropriately skilled and/or qualified staff? What do you feel are the barriers to	There is a recognised shortage of skilled professionals in procurement and the construction sector in the public and private sectors. This has led to a significant increase in salary offers from private and other public sector bodies competing for the same skills/experienced individuals. At present, the current NICS pay scales cannot compete in attracting candidates or helping to retain skilled/qualified and experienced staff. Details of the specific professions is provided below;
	recruitment and retention?	<ul> <li>Recruitment</li> <li>Over the last five years, external published salary surveys have shown a shortage of permanent and temporary procurement professionals across all parts of the UK. Previous NICS recruitment competitions have shown that it is increasingly difficult to recruit qualified procurement professionals (i.e. individuals who are CIPS qualified) below NICS G7 equivalent (other NI public sector bodies can pay a salary of up to £10k more to attract staff below NICS G7 level). Given the failure to meet the demand for professionally qualified procurement staff through direct recruitment, a graduate trainee scheme was developed by DoF to recruit graduates at Executive Officer level and support them to attain their procurement qualification within three years (where they have straight through grading to Senior Procurement Officer (staff officer equivalent).</li> </ul>

		<ul> <li>Recruiting registered/chartered construction professionals has been equally challenging for posts below NICS G7 equivalent. The salaries for professional and technical grades in the private sector have increased at a pace well above the equivalent roles in the NICS. Public bodies in other jurisdictions are also competing for qualified construction professionals (e.g. public sector bodies in Scotland can currently pay up to £11k more for chartered construction staff at SPTO (DP) grade; the pay differential in the Republic of Ireland is in the range of £18k-£28k more, with both jurisdictions offering more progression within each pay scale). Mechanical &amp; electrical engineers, civil &amp; structural engineers and quantity surveyors are the most difficult professions to recruit at present as the salary differential is on average £10k-£15k more than the NICS salary.</li> </ul>
		<ul> <li>Retention         <ul> <li>In addition to staff leaving for higher salaries, CPD is losing staff through retirement. The age profile among the procurement and construction profession is the highest across all DoF Divisions with 22.8% of CPD staff over the age of 60. A number of professionally qualified and experienced staff are retained through the NICS partial retirement policy, however a significant number of experienced staff are retiring at 60.</li> <li>CPD is working with People &amp; Organisation Development (P&amp;OD) function to explore the potential for an allowance for professionally qualified staff which may help CPD retain qualified staff.</li> </ul> </li> </ul>
7	Has your CoPE considered or implemented any form of collaborative working with other CoPE to help address resource or workforce pressures?	Since 2014, CPD has established and managed circa 60 collaborative arrangements. Some of these arrangements are used by other Centres of Procurement Expertise (CoPEs) which reduces transaction costs and avoids the duplication of resources across CoPEs for some routine goods and services. A sub-group of the Heads of Procurement Group has been established to collaborate on workforce planning and encourage all CoPEs to develop a 'grow your own' strategy for a range of professions to improve the pipeline of professionals.

8	The Northern Ireland Audit	Please see DoF's response below to the reforms listed in the NIAO Report - Public
	Office Report highlights a	Procurement in Northern Ireland.pdf (niauditoffice.gov.uk)
	range of different reforms that	
	were implemented between	Reconstitution of the Procurement Board
	2020 and 2022. In your	DoF agrees with NIAO assessment of the composition of the Procurement Board which
	opinion, were there any	was reconstituted in 2020.
	significant weaknesses, within	New Pressment Delicies
	the process used to develop and implement these changes,	New Procurement Policies
	that may require lessons to be	Five new policies were introduced during 2021.
	learned for future reforms of	
	procurement arrangements?	PPN 01/21 (Scoring Social Value), has been reviewed recently and recommendations have been made on how the policy can be enhanced to remove any barriers for SMEs and to improve social value returns. The revised PPN 01/21 will be brought before the Executive in September 2024. The remaining 4 policies will be kept under review, however there have been no issues raised in relation to the implementation of these.
		Clarifying policy and Guidance
		In 2021, 40 Procurement Guidance Notes were archived as they were either no longer relevant or simply repeated guidance which existed elsewhere. These were replaced by the 5 Procurement Policy Notes (which received Executive approval). This clarification has helped highlight the Executive's priorities for public procurement and contracting authorities must seek Ministerial approval if they wish to deviate from any Procurement Policy Notes.
		Introduction of toolkits
		The Construction and Sourcing Toolkits provide a valuable resource for procurement staff and have been kept up to date to reflect developments in best practice elsewhere.

Better management information
Each Procurement Policy Note includes monitoring and reporting requirements. DoF CPD is responsible for monitoring the implementation of these policies and is required to provide a collated report on an annual basis. Some CoPEs have provided feedback on the burden of reporting. Standard approaches to reporting on future Policies will be introduced to reduce the burden and ensure consistency of data capture and reporting.
Commercial Delivery Group
The Commercial Delivery Group (CDG) was established in February 2022. CDG provides the Department of Finance (DoF) P3O service and acts as the lead P3O supporting a network of P3Os across the NI Civil Service (NICS).
The group undertakes data collection on Major Programmes and Projects across the Northern Ireland public sector and provides reporting to the DoF Departmental Board, the Investment Strategy Committee and the NICS Board.
CDG has also been tasked with helping to develop capacity and capability across the Project Delivery profession (PD) and provides advice and support on learning and development to improve project delivery. CDG has established Senior Responsible Owner (SRO), Project Manager and Contract Manager networks, each meeting bi- annually to strengthen networks and offer support to improve project delivery and contract management.
CDG also facilitates the Gateway assurance process for the Northern Ireland public sector providing assurance advice to Accounting Officers, SROs, and Project Teams.
The group provides Gateway and Internal Peer Review training and facilitates SRO Masterclasses for NICS departments and ALB's.

9	In your opinion, have there been any negative consequences for your Department as a result of the reforms implemented? Please can you provide examples?	DoF is fully supportive and has seen no negative consequences on the clarification between policy and guidance with the archiving of over 40 Procurement Guidance Notes and the development of 5 Executive approved Procurement Policy Notes. Significant work has been progressed to review the overarching Procurement Policy Framework. Engagement with the relevant sectors on the proposed refreshed procurement policy and underlying strategic objectives has commenced and will conclude in early September 2024. Following Executive approval of the Policy Framework, further work will be progressed on the optimum governance arrangements to address the NIAO's recommendations in relation to the composition and role of the Procurement Board going forward.
10	Is your Department adequately prepared to comply with the new requirements arising out of the implementation of the Procurement Act 2023? If not, please can you provide examples of areas where more work is required to comply with the new Act.	<ul> <li>CPD policy officials have been working closely with Cabinet Office over the last three years on the development of the new regulations. The operational CoPEs are planning for the implementation of the new regulations by completing the Cabinet Office training and working closely with the relevant sectors.</li> <li>36 out of the 40 staff in CPD Supplies and Services Division (with the exception of 4 staff on sick or maternity leave), have completed the Cabinet Office's Advanced Practitioner Training and 8 staff have further completed the Cabinet Office's Deep Dive training which allows them to perform the role of super users to support and mentor all staff.</li> </ul>
		Currently 20 staff in CPD Construction Division have completed the Cabinets Office Advanced Practitioner Training. Training for the remainder of the relevant construction procurement staff is ongoing and is on track to be completed prior to the implementation date for the new regulations.

### EDUCATION AUTHORITY (EA) RESPONSE

No.	Committee Member's	Education Authority (EA) Response
NB E	<b>Question</b> EA is a CoPE and has provided r	esponses for all questions below:
1	In your view, does your Department have sufficient procurement capacity and capability to effectively manage its full range of procurement activities? If not, can you provide details on where there are potential shortfalls.	<ul> <li>The EA has been under significant budgetary pressures- this has impacted on resourcing and capacity to manage the full range of procurement activities. Due to funding pressures, recruitment freezes numerous EA departments &amp; EA and Commercial Procurement Services have been unable to proceed with the completion of their enduring structures. The impact of the funding gap has resulted in numerous challenges including;</li> <li>limited resources being available to manage contracts,</li> <li>the level of proactive engagement and stakeholders given the number of stakeholders i.e. schools, Youth centres etc the ability to proactively engage</li> <li>the ability of EA to drive digital transformation that would allow for more efficient procurement activities that would benefit all stakeholders.</li> <li>The ability for EA to put in place organisation development to drive capability.</li> <li>The investment in systems and resources for digital transformation and obtaining data.</li> </ul>
2	Within your Department have staff, with procurement responsibilities, received appropriate training to ensure they can perform their role effectively?	The EA has an extensive learning and development programme for staff in commercial procurement services. EA Commercial Procurement Services supports all its procurement professionals in undertaking accredited qualifications. EAs senior team i.e. Heads of Service, Senior Category Managers etc. are all full CIPS members, Senior Construction procurement and Senior Category Managers are RICS and trained in NECC form of contract. CPS has driven a programme of Professional development linked to a 'Procurement Competency Framework' with staff at different levels of procurement required to achieve competencies in numerous areas.

		EA CPS engages with the cabinet office communities of practice and avails of their master classes for areas of procurement. In addition, CPS engages with the Chartered Institute of Purchasing and Supply to deliver courses that increase CoPEs capability on commercial procurement competencies.
		The EA has developed contract management training, guidance and toolkits in line with the sourcing playbook and is currently working to further develop and progress contract management and commercial upskilling of contract SROs and Contract Managers as a corporate goal within the organisation. Although not an NICS Department the EA is in discussions with the Cabinet Office funding for EA to support the implementation of their commercial contract management training.
		EA's Organisational Development & Learning Service are investigating how it can help support and drive uptake of such training within the organisation, however given the significant funding pressures it is unlikely finances will be available to support.
3	What actions has your Department taken since 2020 to ensure that your workforce possess sufficient capacity and capability? Members would be grateful if you could also provide detail in the form of facts or figures if possible.	EA Commercial Procurement Services supports all its procurement professionals in undertaking accredited qualifications. EAs senior team i.e. Heads of Service, Senior Category Managers etc. are all full CIPS members, Construction Senior Category Managers are RICS and trained in NECC form of contract. In addition, 22 staff members are chartered members of CIPS. EA have driven a programme of Professional development linked to 'Procurement Competency Framework' with staff at different levels of procurement required to achieve competencies in numerous areas.
		The EA is currently working to further develop and progress contract management and commercial upskilling of contract SROs and Contract Managers, now an organisational corporate goal. EA is in discussions with the Cabinet Office to ascertain if funding is available for EA to support the implementation of their commercial contract management training. EA's Organisational Development & Learning Service are involved in reviewing how it can help support and drive uptake of such training within the organisation however,

		given the significant funding pressures it is unlikely finances will be available within EA to support this. Due to funding pressures the services has been unable to complete its enduring structure however has recruited to tier 5 (Heads of Services, Senior Category Managers , Category managers) of their structure. Many remaining staff are from legacy boards with legacy terms and conditions. There currently are 66 permanent staff however, given the budgetary challenges there are significant staff on temporary/agency contracts (22) this is to support approx 1,145 schools, 81 youth and outdoor education centres, 34 EOTAS Centres and 5 EA Headquarters. The EAs commercial procurement services supports the EA systems and processes including project management; business case input, specification development for the goods, services and construction projects delivered by EA; pre-tender engagement with suppliers and markets before the tender is advertised; the sourcing and evaluation of tenders; contract implementation and oversite, all governance and compliance reporting, procurement advice to schools and EA stakeholders, supporting EAs SLA customers. processing of all EA requisitions and orders and supporting schools on the fit out of new schools and the EAs Sens Programme management of 2 EA stores.
4	Does your CoPE have a robust workforce plan that details the optimal workforce you will require over the next 3-5 years to deliver an effective service?	Due to resource and budgetary challenges the EA has been unable to progress a Robust workforce plan. The impact of the funding gap has resulted in numerous challenges including limited resources being available to manage contracts. With regards to Construction delivery the budgetary pressures are impacting on implementing their structure and the staff needed to deliver. In addition, renumeration packages are not comparable to external organisations which impacts on implementing the workforce plan. The extent of the procurement reforms and DOF CoPE reporting requirements is not fully known and it is understood there will be further refinement required. This is impacting on CoPEs ability to fully understand the resources that are required over the next 3-5 years.

5	Is there any shortfall between your actual current total workforce and grade mix compared to that plan? Please provide details of optimal and actual FTEs.	The EA does not have a draft workforce plan due to the ongoing budgetary pressures resulting in the CoPE being able to determine and implement structures. Numerous recruitment freezes also impact on the ability to develop and implement workforce plans
6	Are there any specific professions or areas of expertise where your CoPE struggles to recruit and retain appropriately skilled and/or qualified staff? What do you feel are the barriers to recruitment and retention?	Currently there are pressures in recruiting the following areas of expertise; Category managers Category officers Procurement All levels of Quantity Surveyors including Senior QS's positions Construction delivery Project Managers. Contract managers In both cases the barrier seems to be the pay grade being offered not aligning with the level of expertise required by EA and additionally, the current salary expectations within the private sector. Other barriers to recruitment and selection include; Recruitment- is increasingly difficult to attract potential applicants because of the pay structure of some public sector organisations. Consideration needs to be given to how to appeal to the young demographic as well as how to attract potential applicants from other markets, e.g. mature market. There was also a concern that due to budgetary constraints and recruitment freezes that public sector is not attractive. Retention- issue of attracting potential applicants, due to the pay structure. It is also difficult to retain staff as they cannot compete with salaries in other public sector bodies and in the private sector (all work under different terms and conditions). The incentive of

		full remote working for both mainland and Republic of Ireland companies is very appealing for many staff and this is not something which can be offered by the public sector here. Universities and other organisations offer enhanced packages which are impossible for organisations to compete against, e.g. higher salaries, and enhance annual leave. Unlike private sector organisations, there aren't any golden handshakes or retention allowances on offer to public sector bodies which would help retain staff. It was noted that the trend is for under 40s to only stay in a post for between 3-5 years before they move on for a more attractive package. The Talent Landscape- the talent landscape does not know what procurement is. It is important to bring it to the attention of careers teachers and DfE to ensure that they promote procurement as a career. There needs to be a drive from DfE to promote procurement as a career and provide attractive educational and apprenticeships for procurement.
7	Has your CoPE considered or implemented any form of collaborative working with other CoPE to help address resource or workforce pressures?	The EA works extensively with other organisations on collaborative working. Collaborative working will have a small part to ease resource pressures, CoPEs still need to have the resources to contract management contracts that arise due to collaborative procurement. CoPES are centres of procurement expertise due to their unique portfolios very often these distinct portfolios will mean that collaboration is not possible.
8	The Northern Ireland Audit Office Report highlights a range of different reforms that were implemented between 2020 and 2022. In your opinion, were there any significant weaknesses, within the process used to develop and implement these changes, that may require lessons to be	The DOF business case process can take years for approvals to be put in place this results in delays in projects and increased in costs. The procurement and implementation of EA contracts is timely however, the various stages and delays due to business case addendums, approvals etc should be streamlined. The approach would benefit from increased strategic direction and support from the NI Assembly and the NI procurement Board and recognition of the dearth of available resources in NI and support for CoPEs provided to operate 'Apprenticeship Programmes Given the significant funding deficits affecting all Public Sector Bodies and the additional emphasis placed on CoPEs there is a need to establish a funding strategy

	learned for future reforms of procurement arrangements?	that ensures continued upskilling and resourcing meets can be met. Accounting Officers and CoPES senior management must be involved in decision making and process for implementation of reforms including recommendations from NIAO procurement reports. Recommendations form NIAO reports tend to be civil service centric and many of the findings do not apply to ALBs and other CoPES, there should be recognition of the wider Public Sector environment. Initiatives that are implemented regarding capability should be distinct to NI and not taken off the shelf from Cabinet office, There must also recognition that several Cope's are not Civil Service Departments and funding must be available from sponsoring departments to support and implement NIAO recommendations including OD&L programmes to promote Capacity and capability .
9	In your opinion, have there been any negative consequences for your Department as a result of the reforms implemented? Please can you provide examples?	<ul> <li>The implementation of the Procurement reforms is a corporate project for EA with a team allocated and work streams in place, however there are concerns that cabinet office will have refined guidance and if central systems will be in place on a timely basis for the reforms go-live date. Challenges include;</li> <li>funding and resources available for systems that are required for the transparency reporting activities required including the resources to manage contracts</li> <li>the resources while continuing with BAU to review and amend all quality management systems, governance and internal policies and procedures, training etc</li> <li>The reforms will impact on the construction industry and the CoPEs approach to using Construction Line and the requirements regarding sub-contractors, this is not unique to EA but is relevant to all construction CoPEs.</li> <li>In addition to these challenges is the requirement for more reporting to DOF, changes to NI public procurement policies, this at a time when organisations have to continue with BAU as well as implement these once in a generation procurement reform. This is having a very negative impact on CoPEs staff wellbeing and moral.</li> <li>Where NI is exempt from area there is a drive to rectify this through more reporting and actions that put additional pressure on CoPEs without consideration of resources and budget required to implement such areas.</li> </ul>

10	Is your Department adequately prepared to comply with the new requirements arising out of the implementation of the Procurement Act 2023? If not, please can you provide examples of areas where more work is required to comply with the new Act."	<ul> <li>The implementation of the Procurement reforms is a corporate project for EA with a team allocated and work streams in place. There are concerns that cabinet office will have to further refined guidance which will result in additional resources required to redefine and develop systems and process. There are also concerns if central system will be in place on a timely basis for the reforms go-live date.</li> <li>Challenges include;</li> <li>funding and resources available for systems that are required for the transparency and reporting activities required including the resources to manage contracts</li> <li>while continuing with BAU the availability of resources to review and amend all quality management systems, governance and internal policies and procedures, training etc</li> <li>The reforms will impact on the construction industry and the CoPEs approach to using Construction Line and the requirements regarding sub-contractors, this is not unique to EA but is relevant to all construction CoPEs.</li> <li>In addition to these challenges is the requirement for more reporting to DOF, changes to NI public procurement policies, this at a time when organisations have to continue with BAU as well as implement the 'once in a generation procurement reforms'. This is having a very negative impact on CoPEs staff wellbeing and moral.</li> <li>Where NI is exempt from areas of the reforms there is the potential for CoPES to comply with exempt requirements sthrough additional reporting. This will put additional pressure on CoPEs without consideration of resources, systems and budgets required to implement such areas. If this is introduced there must be funding available to CoPES to implement initiatives to ensure they can comply, in addition there should be sufficient time to implement such changes.</li> </ul>
		There are ambiguities in the reform legislation which will likely increase the number of procurement legal challenges.

No.	Committee Member's Question	Council for the Curriculum, Examinations and Assessment (CCEA) Response		
	CEA has provided individual responses for questions 1-3, but is included in the consolidated DoF response with regards to uestions 4-10.			
1	In your view, does your Department have sufficient procurement capacity and capability to effectively manage its full range of procurement activities? If not, can you provide details on where there are potential shortfalls.	Yes. Increasing rigours of procurement governance and legislation mean that existing resources are under pressure and need to be revisited in the near future. To note, CCEA have delegated authority to procure goods/services up to £30K excluding VAT primarily using the eTendersNI.		
2	Within your Department have staff, with procurement responsibilities, received appropriate training to ensure they can perform their role effectively?	Yes, however there is an ongoing requirement that staff are properly training due to changes in procurement governance and legislation.		
3	What actions has your Department taken since 2020 to ensure that your workforce possess sufficient capacity and capability? Members would be grateful if you could also provide detail in the form of facts or figures if possible.	Since 2020, CCEA have continually monitored their Procurement team's capacity and capability via regular team meetings, annual performance reviews, etc. The CCEA Procurement team produces an annual procurement plan to help assess its capacity and capability to manage requirements for the year ahead. For goods/services valued in excess of £30K, CCEA engage with the two CoPEs (EA and CPD) in order to facilitate procurements for these requirements. The CCEA Procurement team consists of three staff members with a Procurement Manager with additional responsibilities, an SEO and EO. This is currently sufficient to meet the <£30k procurement requirements however this may		

### Council for the Curriculum, Examinations and Assessment (CCEA) RESPONSE QUESTIONS 1-3

	need to be revisited in the near future if existing resources become under pressure due to
	increasing rigours of governance and legislation.

## Northern Ireland Council for Integrated Education (NICIE) RESPONSE QUESTIONS 1-3

No.	Committee Member's Question	NI Council for Integrated Education (NICIE) Response
	E has provided individual respon stions 4- 10.	ses for questions 1-3, but is included in the consolidated DoF response with regards to
1	In your view, does your Department have sufficient procurement capacity and capability to effectively manage its full range of procurement activities? If not, can you provide details on where there are potential shortfalls.	No- while we get some limited support from CPD. We, as an NDBP, do not have in-house procurement staff or resources and have to call in support from voluntary board members and limited resources.
2	Within your Department have staff, with procurement responsibilities, received appropriate training to ensure they can perform their role effectively?	No.

3	What actions has your Department taken since 2020 to ensure that your workforce possess sufficient capacity and capability? Members would be grateful if you could also provide detail in the form	Unfortunately, we do not have these resources. These are mainly managed by the Finance Officer and Finance Officer (who are the admin team in NICIE)
	of facts or figures if possible.	