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Dear Daniel

Memorandum of Reply (MoR) –Public Procurement in Northern Ireland

Further to my letter of 25 June 2025, which provided the Committee with an update on progress of the targets outlined in the MoR on your report on Public Procurement NI, I wanted to update the Committee on the response to Recommendation 3 below:

> *'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'.*

In my correspondence, I advised that, for Recommendation 3, the target implementation date of 31 December 2025 would not be achieved and that the likely completion date for the Review would be 31 March 2026. As the target implementation date has been extended, I wanted to update the Committee on the current status of this important commitment. A copy of the Terms of Reference for the Expert Panel is attached at Annex A and includes details of the panel members who will commence their work on 20 October 2025. We plan to have the final report and recommendations developed by the end of January 2026, and it is hoped that Executive approval of the panel's recommendations can be achieved before the end of March 2026. This will allow the new governance arrangements to be implemented at the start of the next financial year.

In terms of an update on Recommendations 7 and 8, I am pleased to advise the Public Procurement Policy Stakeholder Engagement Strategy and Public Procurement Supplier Communication Strategy were published on the Department's website on 8 July 2025. The strategies were developed by Centres of Procurement

Expertise in consultation with Intertrade Ireland, InvestNI and other external stakeholders (including the Federation of Small Businesses, Social Enterprise NI, NI Council for Voluntary Action) and provide a strong platform for effective and transparent engagement and communications with all stakeholders.

In addition, I can confirm that the Permanent Secretaries with responsibility for Centres of Procurement Expertise have approved the Procurement Performance Metrics and a Public Procurement Capacity and Capability Strategy. The publication of these documents complete recommendations 2, 5 and 10 of the Committee's report on Public Procurement.

For completeness, I have attached an update on the actions within the MoR at Annex B which are listed in order of their target implementation date.

Memorandum of Reply (MoR) –Major Capital Projects Follow Up Report

Thank you for your letter dated 19 September 2025 regarding the MoR for the Major Capital Projects Follow Up Report which has yet to be laid before the Assembly.

My Minister and I share the Committee's frustration that it has not been possible for the draft MoR to be brought to the Executive for its approval.

Out of the 12 recommendations within the report, implementation of 9 of these rely on the governance arrangements established under the draft Investment Strategy NI which has not been brought before the Executive for approval.

The Finance Minister wrote to the office of the First Minister (FM) and Deputy First Minister (dFM) on 3 July 2025 stating that it was imperative that the Executive now considers and agrees an Investment Strategy to allow the MoR to progress. To date, a response has not been received.

Whilst the absence of an approved Investment Strategy NI is impacting on the approval of the MoR, I can assure the Committee that, where it is possible, progress continues to be made on the 12 Enabling Actions agreed by the NICS Board in May 2024. The Committee was provided with a progress report on the Enabling Actions on 1 July 2025.

I understand the Committee's concern that the eight-week deadline for laying the MoR has been exceeded, however, given the delivery of major capital projects sits across a number of other departments and Arm's Length Bodies, and the MoR required NICS Board and Executive approval, the 8-week timescale was not sufficient to draft and seek approval for the required response. The Committee clerk was kept advised of this position.

My understanding is that while the Audit guidance says that the response should be published within eight weeks, there are occasions when that is not possible. I am advised that these cases are dealt with on a case-by-case basis and regular contact is maintained with the Committee Clerk to advise them of the delay.

I have raised this with the Treasury Officer of Accounts who is considering if this guidance should be amended to reflect the time required for the drafting and approval process of responses which are cross cutting.

Your letter asks for a copy of the Board Effectiveness Review. The Review was on the Agenda for discussion at the NICS Board on 30 September 2025 and it was agreed that the action plan should be finalised and sent to the Committee with the report by the end of October 2025.

While the draft ISNI remains under policy consideration, there is no further clarification around the delays to the MoR that I can add, and as the draft MoR is with the Finance Minister and has yet to receive Executive approval, there is limited detail I can provide on the content of the response. However, I am happy to attend the Committee with support from officials and the Strategic Investment Board to discuss progress on the Enabling Actions if the Committee would find this helpful.

Yours sincerely

NEIL GIBSON

ANNEX A
Expert Panel - Terms of Reference

Terms of Reference
Expert Panel - Review

Annex B

Public Account Committee (PAC) Report on Public Procurement – Status Update (In target implementation date order)

PAC Recommendations	MoR Response	Status
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.	The Strategic Investment Board carried out two reviews of the Scoring Social Value policy in February 2023 and February 2024. Both reviews 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.	**Implemented in advance of PAC Report.**
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.	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.**Target Implementation date: 24 February 2025.**	**Completed on time.**
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.	It is anticipated the proposed Public Procurement Policy Statement will be forwarded to the Executive for approval by 28 February 2025. **Target date for implementation:31 March 2025**	**Completed (with delay).** Public Procurement Policy Statement | Department of Finance approved by Executive on 5 June 2025 and published on the DoF website.

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.	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 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. **Target Implementation date: 30 September 2025**	**Completed prior to the target implementation date.** Public Procurement Policy Stakeholder Engagement Strategy | Department of Finance developed in consultation with CoPEs and published on the DoF website on 8 July 2025.
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.	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. **Target Implementation date: 30 September 2025**	**Completed prior to the target implementation date.** Public Procurement Supplier Communication Strategy | Department of Finance developed in consultation with CoPEs and published on the DoF website on 8 July 2025.
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.	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. **Target date for implementation:30 September 2025**	**Completed prior to the target implementation date.** Procurement Performance Metrics developed in consultation with CoPEs, approved by Permanent Secretaries of CoPEs and published on the DoF website on 23 September 2025.

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.	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. **Target Implementation date: 30 September 2025**	**Completed prior to the target implementation date.** Public Procurement Capacity and Capability Strategy developed in consultation with CoPEs, approved by Permanent Secretaries of CoPEs and published on the DoF website on 25 September 2025.
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 agrees that a review will 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. **Target date for implementation:31 December 2025**	**Likely delay (indicative date: 31 March 2026).** The Terms of Reference for an Expert Panel has been developed, and the Chair of the panel has been identified. Work will commence on 20 October 2025.
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.	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. **Target implementation date: 30 March 2026**	**On track to be completed on time.** The proportionate arrangements for reporting have been agreed as part of the work of the Task and Finish Group for the performance metrics. The first reporting year will be from 1 April 2026 to 31 March 2027.

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.	The recommendation is partially accepted as, to avoid duplicating the extensive research carried out by the Public Sector Shared Services Programme (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. **Target date for implementation:31 December 2026**	**Work cannot start until the new governance structures are in place.**
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.	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. **Target Implementation Date: 31 December 2026**	**Work cannot start until the new governance structures are in place.**