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Daniel McCrossan
Chairperson
Public Accounts Committee
Email: Committee.publicaccounts@niassembly.gov.uk

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Dear Daniel

MEMORANDUM OF REPLY UPDATE: PUBLIC PROCUREMENT IN NI

Thank you for your letter of 23 February 2026 acknowledging the work undertaken by the procurement community to implement the recommendations within the Committee's [Report on Public Procurement](#) published in November 2024.

I can clarify the actions taken to date have made an impact including increasing the number of micro businesses and Voluntary and Community organisations who have registered on eTendersNI. Since 8 July 2025 (i.e. the date of the publication of the [Public Procurement Supplier Communication Strategy](#)), Centres of Procurement Expertise (CoPEs) have participated in thirteen [Supplier Events](#) to raise awareness of public tender opportunities. During this time, 882 new micro businesses and 131 new voluntary and community organisations have registered on eTendersNI. I can also confirm that continued engagement with IntertradeIreland has helped develop the capability of businesses and third sector organisations who wish to tender for, and deliver, public contracts.

The number of social and micro businesses used as part of the supply chain as a result of social value requirements on contracts is monitored on the Social Value Units monitoring system. Currently 372 social enterprises and 729 micro enterprises have been used as part of the supply chain.

Supplies and Services CoPEs have made notable progress on the deliverables agreed in the Public Procurement Capacity and Capability Strategy, with 14 of the 21 actions completed and the remaining 7 in progress or on schedule to meet the

required timescales. Key initiatives delivered include completion of a skills audit and learning and development needs analysis for procurement staff and achievement of the minimum baseline of staff qualified under the Chartered Institute of Procurement and Supply (CIPS).

For completeness, I have attached the table showing the progress against the Committee's recommendations with an additional column outlining the impact assessment for each action (Annex A). I have also attached a copy of the Annual Public Procurement Policy Statement Assurance Template which will be used to track progress against the achievement of the Executive's strategic priorities (Annex B) and the progress tracker for the Capacity and Capability Strategy (Annex C) which provides details on the actions completed.

Your letter asked for information regarding efficiency savings or improvements in value for money achieved as a result of the actions taken.

Over the last 12 months, the Finance Minister has taken a number of steps to simplify public procurement processes and policies to remove barriers for micro and small businesses and third sector organisations. In March 2025, the Executive approved the Minister's proposal to increase the threshold for advertising tenders for the majority of public bodies from £30k to £50k and to simplify the process for seeking price checks and quotes for low value contracts. The aim of the increased threshold and simplifications was to introduce more flexibility for public sector bodies, such as schools, to procure low value goods and services from small local suppliers. The revised [PPN 04 21 - Procurement Control Limits](#) was given immediate effect on 6 March 2025, reflecting the Executive's desire to remove bureaucracy and deliver best value for money by allowing public bodies to make spending decisions locally.

The new [Public Procurement Policy Statement](#) was agreed by the Executive and published in June 2025 setting out the Executive's priorities and strategy for a more ethical, simplified and accessible procurement environment.

The Policy Statement includes the definition of Best Value for Money (BVfM) as 'the most advantageous combination of cost, quality and social value to achieve the required outcome. In this context, cost means consideration of the whole life cost; quality means meeting a specification which is fit for purpose and sufficient to achieve the required outcome; and Social Value means economic, environmental and social benefits in support of the Programme for Government'.

The Statement outlines the Executive's agreed principles for achieving BVfM including ensuring; i) government contracts are accessible to SMEs, Micro Business and Voluntary Community and Social Enterprises (VCSEs); ii) procurement organisations are efficient and effective; iii) social, economic and environmental outcomes are maximised; and iv) there is transparency on how public money is being spent and on upcoming procurement opportunities (i.e. the procurement pipeline).

In December 2025, the Executive approved a revision to the policy on the [Procurement of Social and Other Specific Services \(Light Touch Services\)](#) which simplifies the process for procuring below threshold social and community-based specific services and requires public bodies to give primary consideration to grant funding these services. Guidance on grant funding has also been simplified to ensure resources are focussed on measuring outcomes of the grant funding as opposed to monitoring activities.

The Executive's Strategic Objectives within the Public Procurement Policy Statement maintains a shift towards value-driven ethical public contracts which meet the requirements and delivers wider social benefits. This means that rather than awarding contracts on the basis of lowest price, public contracts are embedding considerations such as social value, community impact, carbon reduction, skills development, and local economic growth. An example of this value-driven ethical procurement policy is the requirement for all contractor staff to be paid the real Living wage. This [Policy](#) has been in place since June 2022 and increased the cost of most contracts, particularly those services with a high labour content.

The Strategic Objectives within the Policy Statement help to avoid a 'race to the bottom', or artificially priced tenders, and discourages unethical practices such as circumventing labour laws, fair work practices, or payment of the real Living Wage.

Notwithstanding this, all CoPEs maintain a strong focus on securing best value for money through their commercial and procurement activities to ensure they can deliver essential services.

Given the budget constraints and inflationary increases over the last 5 years, savings have generally been achieved by public bodies reducing their spend through cost avoidance and demand management. This can include reducing the scope of contracts; stopping the service; extending the life of equipment or not replacing equipment; using frameworks to reduce transaction costs; or delivering services in-house. The financial impact of cost avoidance or demand management decisions is not captured centrally.

I have noted your request for an update in 6 months' time on the two recommendations which have not yet been completed. I will ensure the update is provided to you within that timescale.

Please do not hesitate to contact me if you need any further information.

Sharon Smyth

SHARON SMYTH ON BEHALF OF NEIL GIBSON