



Northern Ireland
Assembly

Public Accounts Committee

Report on Public Procurement in Northern Ireland

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Report: NIA 60/22-27 Public Accounts Committee

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Powers and Membership

Powers

The Public Accounts Committee is a Standing Committee established in accordance with Standing Orders under Section 60(3) of the Northern Ireland Act 1998. It is the statutory function of the Public Accounts Committee to consider the accounts, and reports on accounts laid before the Assembly.

The Public Accounts Committee is appointed under Assembly Standing Order No. 56 of the Standing Orders for the Northern Ireland Assembly. It has the power to send for persons, papers and records and to report from time to time. Neither the Chairperson nor Deputy Chairperson of the Committee shall be a member of the same political party as the Minister of Finance or of any junior minister appointed to the Department of Finance.

Membership

The Committee has 9 members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

- Mr Daniel McCrossan MLA (Chairperson)
- Ms Cheryl Brownlee MLA (Deputy Chairperson)
- Mr Cathal Boylan MLA
- Mr Tom Buchanan MLA
- Mr Pádraig Delargy MLA
- Ms Diane Forsythe MLA
- Mr Colm Gildernew MLA
- Mr David Honeyford MLA
- Mr Colin Crawford MLA¹

¹ With effect from 5 March 2024 Mr John Stewart replaced Mr Robbie Butler, with effect from 22 October 2024 Mr Colin Crawford replaced Mr. John Stewart.

List of Abbreviations and Acronyms used in this Report

The Assembly:	Northern Ireland Assembly
C&AG:	Comptroller and Auditor General
The Committee:	Public Accounts Committee (PAC)
NIAO:	Northern Ireland Audit Office
DoF:	Department of Finance
The Department:	Department of Finance
CPD:	Construction and Procurement Delivery
FSB:	Federation of Small Businesses
CEF:	Construction Employer's Federation
NICS:	Northern Ireland Civil Service
CoPE:	Centre of Procurement Expertise

Executive Summary

1. The Public Accounts Committee (the Committee) met on 02, 09, 16 and 23 May 2024 to consider the Northern Ireland Audit Office's (NIAO) report "Public Procurement in Northern Ireland". The main witnesses were:
 - Mr. Neil Gibson, Permanent Secretary, Department of Finance
 - Ms. Sharon Smyth, Chief Executive, Construction and Procurement Delivery, Department of Finance
 - Mr. Michael Watson, Director, Construction and Procurement Delivery, Department of Finance
 - Mr. Neil Hutcheson, the Federation of Small Businesses
 - Ms. Dorinnia Carville, Northern Ireland Audit Office
 - Mr. Stuart Stevenson, Department of Finance.
2. Following its oral evidence sessions, the Committee sought written submissions from all other central Government Departments and Centres of Procurement Expertise (CoPE) in respect of a number of issues raised during its initial oral evidence. The Committee also received oral and written evidence from the Federation of Small Businesses Northern Ireland, and considered the issues raised within a written submission provided to it by the Construction Employer's Federation.
3. Public procurement is the process by which public bodies purchase goods, services and infrastructure that are needed to enable the delivery of public services in Northern Ireland. It is estimated that each year around 5,000 contracts are awarded by public bodies, with between £2.2 and £4 billion annual expenditure incurred against these.
4. The management of this expenditure is shared across the entire public sector. In most cases, and for contracts which exceed specified thresholds, Departments and other public bodies that are purchasing goods and services (contracting authorities) must undertake their procurement with the support of a Centre of Procurement Expertise (CoPE). These CoPE are responsible for providing contracting authorities with technical support and guidance to ensure

that the manner in which they undertake their procurement is compliant with legislation and other regulations and guidance.

5. There is an essential need to ensure that the purchase of goods, services and infrastructure delivers value for money for the end user. This is the fundamental requirement of public procurement. Beyond achieving value in any single transactions, however, the effective management of procurement activity has a potentially powerful contribution to make to other key policy objectives of the Executive.
6. At the time of this inquiry public bodies are working to deliver on these objectives within a context of recent significant changes being made to procurement arrangements and anticipated future changes as a result of the implementation of the Procurement Act 2023 in February 2025.
7. In the course of this inquiry the Committee identified a number of risks and weaknesses within the arrangements used to manage procurement that pose a risk to these objectives. These weaknesses, and the consequences that arise from them, significantly diminish the ability of public sector organisations to demonstrate to the taxpayer that the way procurement is managed and delivered in Northern Ireland consistently delivers value for money and effectively contributes to wider policy objectives where this is possible.

It is disappointing that there is no strategy for public procurement in Northern Ireland

8. The Committee is disappointed that the first key weakness is the absence of a specific strategy which should establish and clearly articulate the high-level objectives that public procurement is working towards the achievement of. The Committee considers a specific strategy as being an integral building block of the arrangements needed to coordinate a function such as procurement that is carried out across a range of different organisational, governance and commercial market contexts.
9. In the absence of a formal strategy the current structures used to deliver public procurement – the model of a network of specialised CoPE dispersed across the public sector – has, subject to some organisational changes, remained

relatively stable in recent decades. During its inquiry the Committee received assurances that this model achieves an appropriate balance between the centralisation and decentralisation of procurement expertise. However, in the Committee's view these assurances are undermined by the lack of sufficiently detailed and specific performance information that can provide overall assurance that this system is consistently working effectively and delivering effectively. The Committee remain unconvinced by evidence provided that the current structures used to deliver procurement in Northern Ireland are sufficient to meet the challenges faced and maximise the opportunities for efficient and effective procurement services.

Appropriate governance and accountability arrangements must be established urgently

10. Related to the absence of a strategy there has been a failure to provide appropriate leadership and direction at a strategic level for procurement. The key body responsible for providing this in Northern Ireland is the Procurement Board. Despite recent initiatives that have demonstrated a degree of proactive leadership, over the longer term this body has failed to be sufficiently proactive in driving strategic responses to critical issues and weaknesses that it should have been focused on. Recent changes made to the composition of the Procurement Board acted as a stimulus for some activity. However, this change has also introduced a number of potential tensions and conflicts of interest that may compromise the ability of that Board to deliver on what have been considered the Board's full range of responsibilities in terms of policy development and performance monitoring.

There should be a collaborative approach in addressing capacity and capability in procurement related skills across the public sector

11. At an operational level, the evidence presented to the Committee has set out in stark terms the huge challenges faced by contracting authorities and CoPE in terms of ensuring they have sufficient procurement capacity and capability to undertake procurement effectively. There is an urgent need to grasp this

problem collectively and collaboratively, to ensure that the resources available to the public sector are deployed to maximum impact.

An effective stakeholder engagement model needs to be established with specific consideration given to engaging with SMEs

12. The Committee received a substantial body of evidence in respect to how recent innovations to procurement practice had been designed and implemented, and on whether there had been any negative consequences arising from these. Overall, the evidence presented to the Committee suggested the impact of these changes had been generally positive, but a number of lessons that should be learned to enhance the quality of any future policy innovations were highlighted.
13. The Committee was concerned to note the suggestion made in evidence submitted to the inquiry that that recent policy changes may be introducing new barriers to access to public markets for SMEs. It is the Committee's view that any such issues should be fully evaluated and assessed to ensure that this is not the case.
14. More generally, the Committee recognises that there has been substantial engagement between the Department and its suppliers in the process of developing and implementing recent and upcoming changes to procedures. However, the Committee is concerned there is a risk this engagement is not effectively reaching all potential suppliers. In particular, the Committee considers it essential that the Department does what it can to seek to engage with potential new suppliers and suppliers who may have previously worked in public markets but have become disengaged from these. Achieving this will only serve to increase the vitality of public markets and enhance the value that can be achieved from procurement.

New and emerging technologies can help to ensure that the public sector is agile in responding to procurement challenges

15. Finally, the Committee are of the opinion that there is a need for appropriate strategic oversight and direction be put in place to ensure that there is a consistent approach to exploiting the opportunities offered, and risks presented, by new and emerging technologies. In the past, inconsistencies and a lack of connection between public bodies has been a source of significant frustration to suppliers.

Summary of Recommendations

Recommendation 1

16. 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.

Recommendation 2

17. 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.

Recommendation 3

18. 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.

Recommendation 4

19. 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.

Recommendation 5

20. 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.

Recommendation 6

21. 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.

Recommendation 7

22. 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.

Recommendation 8

23. 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.

Recommendation 9

24. 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.

Recommendation 10

25. 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.

Recommendation 11

26. 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.

Introduction

27. The Public Accounts Committee (the Committee) met on 02, 09, 16 and 23 May 2024 to consider the Northern Ireland Audit Office's (NIAO) report "Public Procurement in Northern Ireland". The main witnesses were:
- Mr. Neil Gibson, Permanent Secretary, Department of Finance
 - Ms. Sharon Smyth, Chief Executive, Construction and Procurement Delivery, Department of Finance
 - Mr. Michael Watson, Director, Construction and Procurement Delivery, Department of Finance
 - Mr. Neil Hutcheson, the Federation of Small Businesses
 - Ms. Dorinnia Carville, Northern Ireland Audit Office
 - Mr. Stuart Stevenson, Department of Finance.
28. Following its oral evidence sessions, the Committee sought written submissions from all other central Government Departments and Centres of Procurement Expertise (CoPE) in respect of a number of issues raised during its initial oral evidence. The Committee also received oral and written evidence from the Federation of Small Businesses Northern Ireland, and considered the issues raised within a written submission provided to it by the Construction Employer's Federation.
29. Central government bodies in Northern Ireland award around 5,000 contracts each year for the supply of goods, services and infrastructure necessary for the delivery of public services. The total value of these contracts can vary significantly within a given year, ranging between £2.2 and £4 billion depending on the nature of the contracts awarded. Whilst there is no reliable measure of the level of cash expenditure incurred against ongoing contracts each year, it is estimated that the annual value of these payments equates to around £3 billion. The Department of Finance (the Department) estimates that around 80 per cent of this expenditure is incurred with small and medium sized enterprises (SMEs),

and around 66 per cent with organisations that have a declared head office within Northern Ireland.

30. In the past the term “procurement” has often been taken to refer narrowly to the technical process used to receive tenders from potential suppliers and award contracts. However, in its broader sense procurement covers the entire end-to-end process involved in managing this expenditure: specifying need, engaging with the market, awarding a contract, negotiating variations to contracts, and monitoring contract delivery and post-contract delivery outcomes. This significantly increases the scope of procurement, involving a greater range of staff than just tendering process specialists. This broad interpretation of procurement has underpinned a number of recent and ongoing reforms of procurement practice.
31. Given the level of expenditure involved, procurement has the potential to be a powerful driver for economic and social development and make a significant contribution to the achievement of the Executive’s wider policy agenda. Maximising the benefits that can be achieved through this expenditure requires for it to be effectively managed.
32. Historically the Procurement Board has had a key role in ensuring public procurement is managed effectively. Within the Northern Ireland Public Procurement Policy the Procurement Board was assigned “responsibility for the development, dissemination and co-ordination of procurement policy and practice for the Northern Ireland public sector”. Specific responsibilities assigned to the Board within this Policy include the establishment of strategies and objectives for procurement, the development of policy and monitoring compliance with these policies, and measuring the progress made by public bodies against strategic targets that are set for procurement.
33. In 2020, New Decade, New Approach made transforming how public procurement operated in Northern Ireland a key Executive priority. To initiate this transformation the Procurement Board, which consisted of Departmental Permanent Secretaries, was replaced by a new Committee comprised of public sector procurement experts and representatives of key industries that the public sector buys goods and services from. This new Board was given a mandate to

review existing procurement policies and guidance and develop new procurement policies within the current Assembly mandate.

34. The Committee's inquiry coincided with ongoing preparatory work for the implementation of changes to procurement across the United Kingdom as a result of the Procurement Act 2023. This legislation covers the entire procurement process and, if applied effectively, should help to simplify procurement by addressing historic criticisms about bureaucracy, paperwork and complexity. The Act is also intended to increase transparency around public procurement performance. The Committee understands that officials from Northern Ireland have been engaging with their colleagues in the Cabinet Office in preparation for the introduction of this legislation.

A procurement strategy is urgently required

35. Strategy is a critical tool that should be used to diagnosis key challenges, establish a guiding policy to overcome those challenges, and support action being taken to improve performance. In its report, the NIAO identified the lack of a specific strategy that provided a vision for how procurement should operate in Northern Ireland. The Committee was surprised by the absence of a high-level strategy in respect of such a fundamental function of government.
36. In its evidence to the Committee, the Department accepted that a strategy was one of a number of components of good governance that the taxpayer should expect to be in place in respect of procurement. These components included:
- a clearly articulated vision of what procurement is intended to achieve;
 - the regular updating of key policies and strategic documents;
 - the configuration of governance and accountability arrangements that were aligned with high level strategic objectives and priorities; and
 - the application of proportionate system-wide performance evaluation.
37. Departmental officials accepted there had been "lapses" across all of these areas historically. However, the Department advised the Committee that the absence of a strategy did not mean that there had been an absolute failure to

deal with strategic issues and challenges. Between 2020 and 2022, a number of different initiatives had been undertaken that were all underpinned by a coherent vision of how public procurement could be modernised and work more effectively. These changes included:

- the reconstitution of the Procurement Board with a new membership structure;
- the introduction of five new procurement policies;
- clarification of the relationship between procurement policy and procurement guidance;
- the introduction of toolkits to provide best practice guidance to procurement staff;
- the inclusion of specific monitoring and reporting requirements in respect of each new procurement policy; and
- the establishment of a Commercial Delivery Group within the Northern Ireland Civil Service (NICS).

38. Whilst the Committee recognises that work was undertaken between 2020 and 2022 to modernise procurement, it is the Committee's view that there is a need for procurement arrangements to be supported by a strategy. A strategy is essential in bringing together a clearly articulated vision of what the procurement system should look like, a realistic assessment of the issues and challenges that are barriers to this vision and provides a basis for empowering decision-makers to take the actions necessary to overcome these challenges. The Departmental officials referred to ongoing work that was being carried out with a view to establishing a set of strategic objectives and priorities for procurement by Autumn 2024. The Committee's view is that this work should be used to inform the establishment of a procurement strategy for Northern Ireland.

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 not clear that procurement structures in Northern Ireland deliver value for money

39. Public procurement in Northern Ireland is carried out across a complex network of contracting authorities and CoPE. Most purchases made by public bodies (contracting authorities) are undertaken with the support of one of nine Centres of Procurement Expertise (CoPE). CoPE work in partnership with contracting authorities providing technical expertise and ensuring procurement exercises are compliant with legislation and designed in a way that delivers maximal value. In some cases, these CoPE may sit within the same Departmental or organisational boundary as the organisation they are assisting. In other instances, the CoPE may sit within a distinct Department or organisation.
40. The differences in these arrangements mean that organisations will work with different CoPE in different ways, depending on their particular local context. Historically, the extent and nature of these differences has impaired the ability of the Procurement Board to meaningfully oversee and coordinate the performance of procurement as a whole-of-government function.
41. The Committee considers that there is a legitimate question as to whether a region as small as Northern Ireland requires nine distinct CoPE dispersed across the public sector landscape. Given the prominence of cross-cutting risks affecting performance across the public sector as a whole, there is a risk that this decentralised structure inhibits the adoption of a sufficiently coordinated and consistent approach to managing these issues. There is also a risk that this dispersed operating model does not achieve value for money for the end user compared to a more centralised model, which may be able to achieve economies of scale.
42. The Committee sought clarification from the Department as to why procurement arrangements are structured in the way they are. The Department reflected that current arrangements represent an attempt to effectively balance and manage

the competing costs and benefits that can be offered by centralised and decentralised delivery models.

43. Whilst current arrangements in Northern Ireland may appear highly decentralised, the officials advised the Committee that they could in fact be regarded as relatively centralised compared to arrangements in other jurisdictions. The written submissions made to the Committee by other Departments and CoPE referred to the use of collaborative procurement arrangements as a key way in which duplication of work and transaction costs are reduced within the current framework.
44. Despite the assurances given to the Committee over the appropriateness of current structures, the Committee is concerned that there is a lack of meaningful quantitative evidence available to demonstrate the effectiveness and value of current arrangements. The NIAO report cited the lack of meaningful data in respect of the most basic aspects of procurement. In its evidence to the Committee the Department accepted that there was a lack of sufficiently specific and detailed data available to support assessments of whether procurement as a general service was effective. The Committee considers it vital that there are arrangements in place to collect the data needed to provide the public with assurance over the value for money being achieved in relation to the costs incurred on procurement and its administration.
45. Furthermore, the Committee stresses that there needs to be a fundamental change in approach in relation to data collection and analysis in respect of procurement. Historically, the data that has been collected has tended to focus on measuring activity: the number of contracts awarded and the anticipated cost of those contracts. Insufficient emphasis has been placed on collecting, monitoring and reporting data that provides the answer to more important questions concerning the value being achieved: how much did the contracts awarded actually cost; how long did they take to deliver; and did they deliver quality outputs or outcomes. These three measures are the key metrics that must be used to meaningfully evaluate the effectiveness of procurement.
46. The Department's evidence highlighted that there have been a number of recent efforts made to improve the quality of data that is available. Annual

reports have recently been published which provide an overview of the activity of each CoPE. The Procurement Policy Notes issued since 2020 all have their own monitoring and reporting framework specified within the relevant Notes. Implementation of the Procurement Act will require specific Key Performance Indicators to be set in respect of individual contracts, and measuring performance in the areas that are meaningful to the public: cost, time and quality.

47. However, the Committee found that, collectively these initiatives are either in the early stages of implementation or are still in development. Therefore, they are not currently fully addressing the critical issue that procurement authorities lack sufficiently detailed data that would enable stakeholders to form an overall assessment of the effectiveness of procurement across the public sector as a whole, as well as facilitate cross-sectoral comparisons on how procurement has been functioning.

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.

There is a need to refresh accountability and governance arrangements for procurement

48. As noted at paragraph 32, the Procurement Board has been assigned a range of responsibilities within Northern Ireland Public Procurement Policy that make it the key body responsible for delivering oversight of procurement. Pre-2020, the membership of the Board consisted of Departmental Permanent Secretaries. The NIAO report notes how the Procurement Board was subject to criticism from the OECD in 2016 for its failure to be sufficiently proactive in addressing critical strategic issues that merited its attention. In 2020 the Board was reconstituted with a new membership consisting of a selection of Heads of Procurement and representatives from various key industries that supply the public sector.

49. The Committee sought clarification from the Department as to why the Board had historically failed to provide sufficient strategic leadership. The Department accepted there were valid criticisms about whether the Board had delivered strategic direction and monitoring appropriately. However, the Departmental witnesses referred to recent initiatives pursued by the reconstituted Board as evidence of recent leadership that that had been provided to tackle underlying problems.
50. Whilst the reconstitution of the Board acted as a stimulus for change, it has raised signification questions about how best to structure the Board. In its report, the NIAO highlighted a number of tensions and potential conflicts that have arisen from the change in the Board's composition that impact on its ability to discharge its full range of responsibilities.
51. The Committee was advised by the Department that these issues contributed to its decision to stand down the Procurement Board temporarily. The Department told the Committee that the refreshing of strategic objectives for procurement would be a precursor of a detailed evaluation of how best to structure governance and accountability arrangements to support delivery of these objectives. In the Committee's view this work will, necessarily, involve a reconsideration of the roles, responsibilities and composition of the Procurement Board, as well as how it relates to other parts of the wider public sector governance framework.
52. The evidence provided by the Department suggested there is a high degree of confidence that this can be completed promptly after the establishment of strategic objectives. The Committee considers it important that a vacuum does not emerge as a consequence of any prolonged suspension of the Procurement Board. Under current arrangements the Board would have a key role in the development and implementation of the recommendations in this report. It is therefore important any role that a new Board or similar body will have is clarified quickly.

The Committee recommends that the Department undertakes an urgent review to determine the most appropriate governance 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.

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.

Securing appropriate skills and experience is crucial for delivering procurement effectively and most efficiently

53. During its inquiry the Committee asked each Department and CoPE whether it was confident it had sufficient procurement capacity and capability to effectively manage its procurement activities. The vast majority of responses suggested Departments and CoPE are content there is sufficient procurement capacity and capability to effectively management procurement. However, the Committee was startled by the extent of vacant posts identified across the CoPE network: six of the eight CoPE reported vacancy rates of between 10 and 20 per cent against their ideal workforce. Whilst the returns provided by Departments were less specific in terms of the actual number of vacancies, these also highlighted concerns about vacant roles with procurement responsibilities (such as contract and project management and other technical roles).
54. The Department told the Committee that a range of factors make filling these vacancies a significant challenge. In particular, it was reported that salaries offered in the public sector for procurement related roles were often significantly below the salaries offered for similar work in the private sector or in public sector roles in other parts of the United Kingdom and the Republic of Ireland. The problems associated with recruitment are compounded by a challenge in retaining staff, and risks associated with succession planning around an aging workforce.
55. The Committee noted that the evidence provided to it has highlighted that public bodies are increasingly seeking to use “grow your own” and other learning and development-based strategies to gain access to the talent needed to manage procurement. Such approaches involve placing a greater emphasis on

promoting and publicising the value of the work undertaken by the public sector to younger people; creating new entry pathways into procurement professions at a younger age, for example through apprenticeships and graduate schemes; and training existing staff. The submissions provided to the Committee highlighted a wide range of initiatives within both CoPE and Departments to ensure that staff had the skills they needed to manage any procurement related duties they were required to undertake.

56. The Committee also learned that the Heads of Procurement Group had recently established a working group to collaboratively address this common challenge. This group first met in July 2024 and established five workstreams to be progressed through Autumn 2024:

- Attraction into Procurement;
- Professional Qualifications;
- Recruitment;
- Skills; and
- Retention and Events/Networking.

57. In its evidence to the Committee the Construction Employers Federation (CEF) raised concerns about the lack of “commercial awareness” amongst public sector bodies. It reported that this contributed to a range of issues including poorly prepared documentation, unfair risk transfers, delays in decision making, and a lack of reward for innovation that left many contractors frustrated and looking to grow their businesses in alternative markets.

58. The written evidence presented to the Committee by the Departments and CoPEs offered general assurance that these bodies consider there is sufficient capacity and capability to manage procurement effectively. However, given the scale of the vacancies reported and the challenges in filling these posts, the Committee lacks confidence in this assurance. At the very minimum there would appear to be a significant risk to the sustainability of current arrangements given the vacancy rates and issues relating to recruitment and retention.

59. Given the widespread nature of the issues being faced by public bodies, the Committee would expect to have seen more evidence of a greater degree of collaboration and coordination across the public sector. The Committee is not satisfied that there are sufficiently developed workforce plans across all of the relevant bodies that would enable understanding of the full scale of procurement capacity and capability need. In the Committee's view there are likely to be opportunities available from more flexible arrangements for sharing staff between CoPE or public bodies that could help ensure that resources are put to best use across the public sector.

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.

Changes in how procurement is managed and delivered must be underpinned by effective stakeholder engagement to ensure best use of public funds

60. In its report the NIAO highlighted issues in respect of the management and delivery of changes implemented between 2020 and 2022 that posed a risk to wider stakeholder confidence in the changes being pursued. In particular, the report notes that new policies and changes in administrative processes were not supported by detailed analysis of anticipated costs and benefits. They were not implemented within a broadly defined end-state for procurement arrangements, and there was no map of medium and long-term milestones towards achieving this end-state. When the Committee asked the Department about the extent to which there had been any resistance to changes during their design and implementation the Department referred to "very frank" conversations with stakeholders.
61. During the inquiry the Committee sought evidence from Departments and CoPE about the extent to which they were experiencing any negative consequences as a result of implemented reforms, and whether there were any significant weaknesses in implementation that require lessons to be learned. The

Department (of Finance) coordinated with other Departments in the preparation of a response to these questions and this response indicated there was general support for the changes implemented and no significant negative consequences had been detected to date.

62. However, the Department did highlight that there was some emerging evidence that microbusinesses were finding that the Scoring Social Value procurement policy implemented in July 2021 was potentially making it more difficult to get a foothold in public markets. The original policy intent was that the proportion of contract award scoring based on social value would increase from the initial 10 per cent to 20 per cent, but this increase had been deferred. The Department explained it was engaged in consultation and evaluation to determine whether this increase would contribute to a greater disincentive for some suppliers.

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.

63. The evidence submitted by CoPE in relation to the extent to which they were experiencing any negative consequences as a result of reforms were generally positive about the impact of reforms but identified a number of areas where they considered lessons needed to be learned. Key concerns that were raised included the need to ensure development timelines that facilitated an appropriate level of public and non-public sector stakeholder engagement and that there was adequate consideration of the implementation costs associated with new policies and evaluation over affordability and value. The Committee considers this essential in ensuring that procurement provides the best value for money for the end user. In its submission, the CEF reported that whilst it considered much of the work carried out between 2020 and 2022 was beneficial, it was concerned at the speed with which some changes were made and there was concern that quality was compromised in order to meet deadlines in some areas.
64. The inquiry also sought confirmation from Departments and CoPE that they are content that they are adequately prepared to comply with the requirements arising out of the forthcoming implementation of the Procurement Act. The

Departmental responses provided to the Committee did not identify any significant concerns about this. Responses from CoPE highlighted some concerns about resource challenges in respect of new transparency and reporting requirements and the potential for some procurement to become slower as a result of more substantial pre-market engagement processes to be undertaken.

65. The Committee appreciates that the policy changes developed between 2020 and 2022 were made at a unique point in time during which all organisations were subject to unprecedented operational challenges as a result of the pandemic. The Committee also considers that it is important that innovation and change is pursued with an appropriate level of urgency and drive. However, the Committee noted that NIAO concluded in its report that the approach which was used was not an appropriate long-term approach to policy development. The Committee therefore consider it essential that relevant lessons are learned to improve the processes used to design and implement any future procurement policy innovations.

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.

Constant efforts must be made to promote access to public markets for all potential suppliers

66. The Committee is strongly of the view that procurement arrangements must facilitate engagement with all potential suppliers including SMEs otherwise, there is a real risk that the full value that can be achieved in public procurement is not delivered.
67. The Committee was therefore alarmed to learn that the way in which procurement is administered can drive potential suppliers into alternative markets. The Committee considers it critical that care is taken to ensure any

changes being made to arrangements in an attempt modernise procurement do not unintentionally create new administrative barriers for SME market access.

68. The Committee heard evidence from the Federation of Small Businesses that highlighted concerns about delays in payment and the impact that this has on SMEs. This reinforced the Committee's view that further engagement is needed with the SME sector.
69. The Committee considers this to be an opportune time to use communication about ongoing reforms as a means to also attempt to connect with suppliers who have not previously been active in public sector markets, or to re-engage with suppliers that may have become inactive in those markets. The evidence presented to the Committee suggested that there is a risk that the engagement and communication that has been carried out to date has concentrated on organisations already engaged with the public sector. Given the scope and scale of recent and ongoing changes, the Committee's view is that the Department should review its approach to communicating with all potential suppliers, and in particular local SMEs.

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.

Maximising opportunities and managing risks related to evolving technologies will be critical to effective management of procurement

70. The Committee considers that technology is likely to be a key driver of future change in procurement practice and governance. The evidence presented to the Committee highlighted both opportunities and risks associated with the evolution of existing technologies and new emerging technologies such as Artificial Intelligence (AI). Opportunities include the potential for technology to be used to achieve administrative efficiencies, and to facilitate the collection and storage of information by both public bodies and suppliers that deal with public sector customers.

71. The NIAO report stated that in 2015 eTendersNI was procured with the intention of providing a common platform for managing all Northern Ireland public sector procurement opportunities on a single portal. It was anticipated that the system would provide the basis of monitoring all procurement activity in a way that would support strategic and operational decision making. This ambition was not achieved due to the lack of integration between eTenders and the financial systems meaning that contract award information could not be linked to expenditure information. The use of the eTenders has also not fully addressed the complaints of suppliers that frequently they will have to provide the same common information to a range of different public bodies that they provide, instead of there being systems in place which would allow the recording of standard information once for use by all public sector customers.
72. The NIAO report noted that the eTenders system was due to be replaced in 2024. The Department informed the Committee that, as a result of wider uncertainty about the exact nature of the needs that would need to be serviced by a new system, a decision had been taken to enter into a contract to extend the use of eTendersNI for another four years. The Department considers that this provides an opportunity to maintain business as usual, whilst taking stock of the full nature of the requirements for a new system that will fall out of both the Procurement Act and local procurement policy development in Northern Ireland.
73. A key challenge for the Department and other stakeholders will be ensuring that eTenders can be used alongside new systems required as a result of implementation of the Procurement Act. The Committee learned that as part of the implementation of the Procurement Act, a new single UK-wide portal for all public suppliers would be developed. One of the key benefits of this system would be to allow suppliers that were engaged with multiple public sector bodies to store key information in a single place, reducing the need for duplication across different sectors.
74. The Department advised the Committee that work was ongoing with its current supplier to build an interface that would enable between the new portal and eTenders. The Committee consider it essential that the Department ensure this interface is built in time to support the potential benefits offered by the new portal being available to suppliers when the Procurement Act is implemented.

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.

75. The Committee considers that there is a critical need to improve the quality of management information available in respect to procurement performance. Issues in how technology is used across public bodies, and the lack of integration between eTendersNI and accounting systems, has been a key historic barrier to the collection of sufficiently detailed information. In its evidence the Department stated that “we have a system that is capable of recording that data, but we cannot rely on its accuracy, because the respective organisations do not always record it”. The NIAO report noted that it had found little consensus on why eTenders was not effective in improving data collection and reporting, with some stakeholders criticising the system itself and others asserting it could have worked if used consistently and correctly.
76. Recent reforms within Northern Ireland and the forthcoming Procurement Act will force public bodies to improve data collection and reporting. However, the Committee are aware of the significant concerns expressed by the Department and CoPE in their evidence to the Committee about the costs associated with this, and the need to ensure arrangements are proportionate in a resource constrained environment. Ensuring that appropriate technology is in place and used properly will be critical to administrative costs as much as possible.
77. The Committee consider it vital that the issues that have historically affected the ability of eTenders to support data-driven oversight of procurement do not persist into the next four years and beyond. It is critical that stakeholders work together to establish a common approach to using technology to manage the common problem of improving data quality whilst minimizing new administrative costs.

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.

78. The Committee heard that AI has been identified as a significant emerging issue across all the UK Administrations. The Department expressed some concern about the risk of AI potentially being misused as a tender drafting tool, enabling all suppliers to submit the “perfect answer” in procurement competitions. This has the potential to undermine competitive processes and make decision making more difficult for public bodies. Officials advised the Committee that the Cabinet Office had recently introduced a policy to ensure that all tendering organisations disclosed any software used to develop an answer within a tender document, and there is an intention to develop a similar policy in Northern Ireland.
79. The Committee is concerned about the lack of evidence of there being a common strategic approach to technology in procurement. It is essential that public bodies involved in procurement are aware of new and emerging technologies to ensure that they are agile and suitably skilled to respond to new and emerging trends, including AI and digitalisation. It is also essential that there is appropriate oversight to ensure that 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. Such trends can only serve to damage public confidence in the overall approach to procurement within the public sector.

The Committee recommends that the Department ensures that, once the governance structure has been established, that it puts appropriate arrangements in place to ensure that issues relating to technological risks are opportunities are subject to suitable oversight at a strategic level.

Links to Appendices

Appendix 1: Minutes of Proceedings

[View Minutes of Proceedings of Committee meetings related to the report](#)

Appendix 2: Minutes of Evidence

[View Minutes of Evidence from evidence sessions related to the report](#)

Appendix 3: Correspondence

[View correspondence issued and received related to the report](#)

Appendix 4: Other Documents

[View other documents related to the report](#)

Appendix 5: List of Witnesses that gave evidence to the Committee

- **Mr. Neil Gibson**, Permanent Secretary, Department of Finance
- **Ms. Sharon Smyth**, Chief Executive, Construction and Procurement Delivery, Department of Finance
- **Mr. Michael Watson**, Director, Construction and Procurement Delivery, Department of Finance
- **Mr. Neil Hutcheson**, the Federation of Small Businesses
- **Ms. Dorinnia Carville**, Northern Ireland Audit Office
- **Mr. Stuart Stevenson**, Department of Finance.

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