

CENTRAL PROCUREMENT DIRECTORATE

STRATEGIC PRIORITIES 2004 – 2005

CENTRAL PROCUREMENT DIRECTORATE

STRATEGIC PRIORITIES and Business Plan 2004 – 2005

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1. Introduction

At the heart of Government's vision for Northern Ireland is the objective of providing improved, responsive, flexible and efficient public services that deliver what citizens need and expect. Central Procurement Directorate has a key role to play in the achievement of this vision. Our expertise in the field of procurement and construction can help Departments to achieve real savings in procurement budgets which can free up resources to be spent on service delivery and improving Northern Ireland's physical infrastructure.

This document sets out how we will work to help Government achieve that vision. This is a challenging time for Central Procurement Directorate but with the energy and enthusiasm of staff and the valued input of clients and suppliers, I am confident that we can not only deliver the structural changes required, but also the business changes to enable us to meet our objectives.

JOHN McMILLEN
Director

2. Purpose

Central Procurement Directorate (CPD) strives to provide an effective and professional procurement and construction service to Departments and to advise the Minister of Finance and Personnel on procurement matters including support for the work of the Procurement Board. The Directorate brings together two former agencies, the Construction Service and the Government Purchasing Agency into one core Directorate within the Department of Finance and Personnel.

In taking this work forward CPD's main challenge is to reform the way in which procurement is carried out by the public sector in order to maximise value for the taxpayer. This we will do by taking forward the recommendations made in the Review of Public Procurement, carried out in 2001 and endorsed by the Executive in May 2002.

That Review recommended that CPD should develop and review procurement policy on behalf of the Procurement Board (in the light of emerging legislation), in consultation with stakeholders. Once these policies have been approved by the Procurement Board, CPD will be responsible for their dissemination and for monitoring their implementation. This work will include:

- developing a common Strategic Procurement Framework;
- operating a generic procurement process model;
- developing a management information system providing details on both expenditure and procurement and construction performance in the public sector;
- developing and disseminating project and programme management expertise;

- providing the public sector with a procurement and advisory service;
- developing more strategic management of key suppliers and seeking out and promoting best practice in procurement;
- establishing and developing links with other procurement organisations;
- developing an effective public sector procurement career path structure; and
- establishing an e-commerce strategy and implementing it in public sector procurement practice.

An Alignment Review was also carried out during the Directorate's first year with the purpose of recommending the most effective way of amalgamating the two agencies into one organisation. The recommended structure is set out at Annex C. The recommendations, made by the review, were endorsed by the Procurement Board at its February 2003 meeting and work is now almost complete in implementing the new structure.

3. Mission and Values

Mission

Our Mission Statement is as follows:-

We will support the Northern Ireland Public Sector in the delivery of better public services through maximising value for money for the taxpayer.

We will promote best value procurement¹.

We will provide Departments with specialist expertise on construction matters.

We will lead in establishing best practice in

- legal and policy matters relating to procurement,
- helping Departments demonstrate accountability, and
- in openness of the way we do business.

This can be summed up as “adding value through expertise”.

Values

Central Procurement Directorate, as a part of the Department of Finance and Personnel, fully subscribes to the eight values which the Department believes should influence the way in which it works. These are:-

- clear direction and strong leadership;
- customer focus;
- respect for people;
- open communication;
- working to deliver best value

¹ Best Value Procurement is defined as the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer’s requirement.

- development of positive working relationships with others; and
- commitment to the highest ethical standards of public service.
- Valuing and harnessing the diversity of our staff.

In addition we have identified a further value which is very important to how we, as an organisation, work. This value is:

- our services and advice to customers will be provided by staff expert in their particular professional discipline and encouraged to be a member of a relevant Professional body.

Guiding Principles

These values are underpinned by 12 guiding principles, developed by the review of Public Procurement Policy, which were adopted by the NI Executive and the Procurement Board. These principles apply to all public procurement in Northern Ireland. They are: -

1. Accountability – effective mechanisms to enable Accounting Officers across the public sector to discharge their personal responsibility on issues of procurement risk and expenditure.
2. Transparency – openness and clarity in policy and its delivery.
3. Competitive Supply - procure using competitions unless there are convincing reasons to the contrary.
4. Consistency - suppliers can expect that the same procurement policy will apply across the public sector.
5. Effectiveness - public bodies to meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement.

6. Efficiency - procurement processes should be carried out as cost effectively as possible.
7. Fair Dealing - suppliers will be treated fairly including protection of commercial confidentiality where required. Public bodies should not impose unnecessary burdens or constraints on suppliers or potential suppliers.
8. Integration - procurement policy will pay due regard to the Government's other economic and social policies rather than cut across them.
9. Integrity – no corruption, no collusion with suppliers or others.
10. Informed Decision Making - decisions should be based on accurate information and ensure requirements are met.
11. Legality - public bodies must conform to EU and other legal requirements.
12. Responsiveness - public bodies should endeavour to meet the aspirations of the community served by the procurement.

4. Context

Political and Financial

The vision the Government has for Northern Ireland remains that as set out in the Belfast Agreement – a peaceful, inclusive, prosperous, stable and fair society, firmly founded on the “achievement of reconciliation, tolerance, mutual trust and the protection and vindication of human rights for all”.

To achieve this vision the Government’s focus is on improved, responsive, flexible and efficient public services that deliver the outcomes that citizens need and expect, affirming the essential principles of equality and integrity.

In the last national Spending Review in 2002, the Chancellor allocated significant additional resources to Northern Ireland for the period up to 2005-06. During the period of this plan the resources available to the public sector remain essentially those allocated in the 2002 Spending Review supplemented only by local revenue and the use of the borrowing power available under the Reinvestment and Reform Initiative. Thus there is a particular focus on seeking to improve the delivery of services, by accelerating the progress of reform and modernisation, and improving the clarity of the targets within the Public Service Agreements on which spending allocations depend.

A key element of the current Spending Review is a major drive to improve efficiency, in which improving procurement is a key strategy. It is in the context set by the 2002 and 2004 Spending Reviews that the Procurement Board and CPD will play a key role in the years ahead supporting the delivery of better public services, so critical to the achievement of the Government’s vision, by promoting best value procurement through the added value of its procurement expertise and that of the Centres of Procurement Expertise across the public sector.

In particular there is a renewed emphasis on Departments to identify early savings within their procurement budgets thus releasing resources to be reallocated to priorities including health and education. The Government's increasing focus on project and programme management as a means of delivering positive outcomes for citizens will also shape how CPD's work is taken forward during the period of this plan.

Structural Arrangements

The Review of Public Procurement recommended a number of institutional changes in order to take forward its recommendations.

Given the financial importance of procurement policy, both in terms of total spend and in relation to the Northern Ireland budget, the Review recommended that a Procurement Board should be established and given responsibility for the development, dissemination and co-ordination of policy and practice for the Northern Ireland public sector. The Board is chaired by the Minister of Finance and Personnel and had its first meeting on 3 July 2002.

The Review also recommended the establishment of a core Central Procurement Directorate (CPD) to support the Procurement Board and to interact with a wider body of stakeholders in developing and disseminating policies as well as monitoring their implementation.

In order to ensure that CPD's organisational structure is a best fit to develop policy and support the Procurement Board an alignment review was carried out to identify a new structure following the merger of the Construction Service and the Government Purchasing Agency. This revised structure took effect on 1 March 2004.

Under these new arrangements a Procurement Practitioners Group (PPG), chaired by the Director of CPD has been established and

tasked with, among other things, contributing to informing, testing and developing overarching policy and generic procurement processes. PPG is made up of representatives of Centres of Procurement Expertise, of which CPD is one, which have been established across the Northern Ireland Public Sector . A list of the Centres of Expertise is attached at Annex D to this plan.

The role of Centres of Expertise is to take the lead in the implementation of procurement policy in their area in compliance with public sector and European Procurement Directives/Legislation. Each is required to satisfy the Procurement Board that they have a unique procurement portfolio, an effective “intelligent client” competency, adequate expertise, an established and successful track record, a complaints procedure and that they comply with the appropriate standards.

Policy

The Review recommended a revised procurement policy which was adopted by the NI Executive on 16 May 2002 and which extends beyond the concept of Value for Money. The Executive agreed a clear definition of public procurement and best value for money as follows:

- **Public Procurement** is the process of acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public service. This definition covers traditional and more innovative types of procurement such as PFI/PPP arrangements; and
- The concept of “**best value for money**” is defined as “the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer’s requirements”. While this will be the primary objective of procurement policy, it allows for the

inclusion, as appropriate, of social, economic and environmental goals within the procurement process.

This revised policy applies to all bodies responsible to the NI Assembly and includes NI Departments and their agencies, public corporations, Non-Departmental Public Bodies (including Health and Social Services Boards, Education and Library Boards and Health Trusts) and local authorities.

5. Planning Framework

The Northern Ireland Executive's draft Programme for Government published in September 2002 set out a challenging and comprehensive work programme for the year ahead that reflected and responded to the particular economic, social and environment challenges facing Northern Ireland. That programme had, at its core, a commitment to take action to upgrade Northern Ireland's physical infrastructure and to reform and improve how public services are delivered here.

Following suspension on 14 October 2002 the responsibility for governing Northern Ireland, and for setting the priorities for government, passed to the Secretary of State. Government's published plans "Building on Progress" and "NI Priorities and Budgets 2004 – 2007" set out priorities and spending plans for the period of this plan. The Government's objective is to ensure good governance for Northern Ireland and, as far as possible, continue to build on the Executive's Programme for Government and take forward the reform and modernisation agenda it proposed without delay.

Within this context CPD is responsible for delivering two key commitments one of which is in the Department of Finance and Personnel's Business Plan with the second being one of the Department's two major reform under the Reinvestment and Refore Initiative. These are as follows: -

1. By March 2005 to complete the implementation of the new policy and arrangements for public procurement which will support the achievement of best value for money across the public sector in compliance with the Procurement Regulations. This commitment also includes restructuring the organisation in line with the recommendations of the Alignment Review; and
2. Public Procurement has been identified in the Department's Reform Plans and is a key element of the Department's contribution to the Reinvestment Reform and Reform agenda. The aim of this Reform will be to obtain best value for money through public procurement while integrating economic, social and environmental policies in the procurement process.

The implementation of all of these commitments by March 2005 will bring a significant amount of change to the current organisation's structure and the way it operates. For this reason CPD has set interim targets which reflect the challenges set by the Review of Procurement and will develop, over the period of the next 12 months, new challenging targets for 2005-06 and beyond based on the experience of implementing the recommendations of the Procurement Review, the bedding in of the new structure and the delivery of the public procurement reform aim under the Reinvestment and Reform Initiative.

6. Strategic Priorities 2004-2005 and Associated Business Objectives 2004-05

Within the context of the Department's Business Plan, the overarching priorities for Central Procurement Directorate for the period of this plan are to complete the implementation of the recommendations made by the Review of Procurement Policy and achieve the reform aim on public sector procurement, under the Reinvestment and Reform Initiative, both by March 2005.

The following strategic priorities reflect these key commitments:

1. By March 2005 to complete the implementation of the new policy arrangements for public procurement, including the implementation of the recommendations made by the Procurement Review, which will support the successful delivery of better services and the achievement of best value for money across the public sector in compliance with the Procurement Regulations.
2. To provide professional guidance and expertise to contribute to the delivery of better public services.
3. To play a leading role in helping Departments deliver better public services through improved performance and the achievement of increased value for money in major construction projects.
4. To provide a focus within Government on construction industry issues and work with the industry to promote efficiency and best practice.
5. To complete the alignment of the Procurement Directorate into a single organisation delivering a professional procurement and

construction advisory service to the public sector, gaining widespread recognition for excellence and making a significant contribution to the delivery of better public services.

Key Challenge	Objectives	Measures
<p>Priority 1</p> <p>1. By March 2005 to complete the implementation of the new policy and arrangements for public procurement, including the implementation of the recommendations made by the Procurement Review, which will support the successful delivery of better public services and the achievement of best value for money across the public sector in compliance with the Procurement Regulations.</p>	<p>1.1. To fully implement the recommendations made by the Review of Public Procurement by March 2005.</p> <p>1.2 To lead in the dissemination of procurement policy and the development of procurement excellence leading to the achievement of best value across the public sector.</p>	<p>1.1.1 Implementation of all recommendations, for which CPD is directly responsible, by 31 March 2005</p> <p>1.1.2. Obtain the Procurement Board's approval of progress on Implementation Plan at its meetings.</p> <p>1.1.3. Identify public spend not directed through a centre of expertise.</p> <p>1.2.1. To review extant and forthcoming OGC Guidance and determine status and applicability within Northern Ireland. of establishing best value for money.</p> <p>1.2.2. By June 2005 to complete and assess a pilot to use public works and services contracts to introduce the long term unemployed back into work</p>

	<p>1.3. To work with other Centres of Expertise to facilitate the development and operation of an effective career path structure for procurement professionals enabling the public sector to improve its commercial skills and better manage its supplier relations.</p>	<p>1.2.3. By March 2005 to work with SMEs to help them compete for public sector business followed by the development of a theme-based conference to facilitate a better understanding of Public Sector needs.</p> <p>1.2.4. To make recommendations regarding the integration of social issues into PFI/PPP projects.</p> <p>1.3.1. By December 2004 to assess the extent of professionalism among procurement staff in Public Sector bodies and relevant career paths in these bodies.</p> <p>1.3.2. By March 2005 to have introduced a policy across the public sector to facilitate the operation of an effective career path and enable Public Sector bodies to increase the proportion of staff with procurement skills appropriate to their level of responsibility.</p>
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<p>Priority 2</p> <p>To provide professional guidance and expertise to contribute to the delivery of better public services.</p>	<p>2.1 To provide central expertise and services to customers to meet their procurement needs across the full range of supplies, services and works.</p>	<p>2.1.1. To establish a single CPD SLA with each customer department by March 2005.</p> <p>2.1.2. By March 2005 to have introduced, or have plans to introduce, the NICS Customer Service Standards.</p> <p>2.1.3 To maintain customer satisfaction levels at 92% throughout this period of organisational change.</p> <p>2.1.4 To maintain supplier satisfaction level of 90 % by March 2005 throughout this period of organisational change.</p> <p>2.1.5 To achieve full cost recovery of construction operations and maintain the cost of operations at 2p in the £1 for Supplies and Services.</p> <p>2.1.5. To develop, by March 2005, benchmarks and baselines against which our performance can be assessed by March 2005.</p>
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		<p>2.1.6 To enable customers to achieve vfm improvements of at least 3% on the value of supplies and services contracts awarded by CPD in 2003-2004</p> <p>2.1.7. By March 2005 to increase the number of orders placed electronically by 200% on 2002/03 throughput.</p> <p>2.1.8. By March 2005 to facilitate an increase in the number of low value transactions conducted by GPC by 100%.</p> <p>2.1.9. To achieve a target of 100% compliance with procurement regulations.</p> <p>2.1.10. To deliver 95 % of projects fees for New Works within estimates agreed with clients.</p> <p>2.1.11. To reduce overhead costs for maintenance work by 1.5% down to 16%.</p>
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	<p>2.2 To provide a specialist construction advisory service to Departments to enable the successful delivery of major construction projects.</p> <p>2.3. To lead in the implementation of the Gateway Review Process within NICS for all major capital projects in order to ensure more effective delivery of benefits and more predictable costs and outcomes from all major projects.</p>	<p>2.2.1 To achieve the following minimum times in providing a detailed response to requests for advisory services: 90% within 6 weeks, 97% within 10 weeks.</p> <p>2.2.2. To embed best practice procurement policy and project management procedures by March 2005.</p> <p>2.2.3. To develop, by March 2005, benchmarks and baselines against which our performance can be assessed.</p> <p>2.3.1 To report on the effectiveness to the Gateway Review Process by March 2005.</p> <p>2.3.2 By March 2005 to have facilitated the delivery of training to 200 staff across the NI Public Sector to ensure the successful implementation of the Gateway process.</p>
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<p>Priority 3 To play a leading role in helping Departments deliver better public services through improved performance and the achievement of increased value for money in major construction projects.</p>	<p>3.1 To assist clients to fully implement the Achieving Excellence programme to improve the performance of public sector bodies as clients when undertaking construction projects by March 2005.</p> <p>3.2. To assist clients achieve targets in Sustainability in Construction Procurement Action Plan by March 2005.</p>	<p>3.1.1 By March 2005 to report on the application of Whole Life Cost Models within CPD and the wider public sector to achieve best value.</p> <p>3.1.2 To report on the achievement of Key Performance Indicator measurements on Achieving Excellence by March 2005,</p> <p>3.1.3. To report on the effective of value and risk management by March 2005,</p> <p>3.1.4 By March 2005 100% of project teams should adopt partnering/team working as appropriate.</p> <p>3.1.5 Report Construction cost trends by March 2005.</p> <p>3.2.1 To finalise sustainability criteria for projects by March 2005,</p> <p>3.2.2 To ensure that all contract documentation and award procedures embody sustainability criteria by March 2005.</p>
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<p>Priority 4</p> <p>To provide a focus within Government on construction industry issues and work with the construction industry to promote efficiency and best practice.</p>	<p>4.1. To ensure the effective working of Government Construction Clients Group (GCCG) and Construction Industry Forum for Northern Ireland (CIFNI).</p>	<p>4.1.1 To report on the outcomes of the programme of meetings and activities for GCCG & CIFNI and</p> <p>4.1.2. Seek structured feedback form members of CIFNI members on the effectiveness of the programme in promoting understanding, communication and the development of best practice.</p> <p>4.1.3. Contribute to the development of the Policy on Architecture being undertaken by DCAL.</p> <p>4.1.4. To report on implementation of the BUILDSAFE initiative by March 2005.</p>
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<p>Priority 5</p> <p>To complete the alignment of the Procurement Directorate into a single organisation delivering a professional procurement and construction advisory service to the public sector, gaining widespread recognition for excellence and making a significant contribution to the delivery of better public services.</p>	<p>5. 1 To fully implement the recommendations of the review relating to the alignment of the two organisations into one Directorate by 1 April 2004.</p>	<p>5.1.1 New structure to take effect by 1 March 2004.</p> <p>5.1.2 The development of a single HR strategy by October 2004.</p> <p>5.1.3 The development of a workforce plan reflecting the needs of the new single organisation by December 2004</p> <p>5.1.4. To comply with Departmental policy on Freedom of Information and Business Continuity as set out in the Departmental Plan,</p> <p>5.1.5 To have developed a single IS/IT Strategy by November 2004,</p> <p>5.1.6 To have developed a comprehensive charging policy which reflects the diversity of the activities of CPD by March 2005.</p>
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	<p>5.2 To locate the majority of staff on an interim single site by December 2004 and work towards identifying a suitable permanent site for all staff.</p> <p>5.3 To ensure that there is no disruption in service to our customers as a result of organisational changes.</p> <p>5.4. To deliver relevant and timely information to all our stakeholders.</p>	<p>5.2.1 Through a dedicated project identify accommodation and move majority of staff to single site by Dec 2004.</p> <p>5.2.2 By March 2005 establish a project with OBD regarding the long-term accommodation strategy for CPD.</p> <p>5.3.1 Customer satisfaction to be monitored to ensure no slip in standards during migration period.</p> <p>5.3.2 To develop and implement a communication strategy to enable stakeholders to be kept informed of changes wef April 2004.</p> <p>5.4.1. By September 2004 to have developed a new CPD website to meet the information requirements of both internal and external customers.</p>
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	<p>5.5 To provide staff with the necessary skills to deliver a professional service to customers and suppliers alike.</p> <p>5.6 To embed the DFP values and the twelve Guiding Principles adopted by the Procurement Board into the way in which CPD carries out its business.</p>	<p>5.4.2 By June 2004 to have developed a marketing and promotion policy for CPD.</p> <p>5.5.1 Retention of IIP</p> <p>5.5.2 To complete a staff survey by March 2005.</p> <p>5.5.3 To seek feedback from Customers and Suppliers in the annual satisfaction surveys.</p> <p>5.6.1 To seek feedback in the staff survey to be carried out by March 2005.</p> <p>5.6.2 To seek feedback from Customers and Suppliers in the annual satisfaction surveys</p>
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ANNEX A

List of Procurement Board Members

Mr I Pearson	Minister of Finance and Personnel (Chairman)
Mr N Hamilton	Head of the Civil Service
Mr P Carvill	Permanent Secretary DFP until 1 October 2003
Mr C Gowdy	Permanent Secretary DHSSPS
Mr W Haire	Permanent Secretary DEL (wef Dec 2003 - previously OFMDFM)
Mr J Hunter	Permanent Secretary DFP (wef November 2003)
Dr A McCormick	Second Permanent Secretary DFP
Prof C McCrudden	Lincoln College, Oxford
Dr A McGinley	Permanent Secretary DCAL
Mr G McGinn	Permanent Secretary DE
Mr J McMillen	Director CPD (DFP)
Miss A McIntyre	Confederation of British Industry
Mr S Peover	Permanent Secretary DOE
Mr S Quinn	Permanent Secretary DRD
Mr B Robinson	Permanent Secretary DETI
Mr A Shannon	Permanent Secretary DSD (wef Dec 2003 -previously DEL)
Mr P Toal	Permanent Secretary DARD
Mr D Thomson	Treasury Officer of Accounts (DFP)
Mr R Jones	Northern Ireland Audit Officer (Observer)

Annex B

Budget

Central Procurement Directorate's Budget for the years 2003-2006 are set as follows.

£0.0m	2003-2004	2004-2005
Admin	19.575	21.6
Other Current	0.412	0.722
Gross Total	19.987	22.322
Receipts	13.049	13.626
Net Resources	6.938	8.696
Capital	0.696	0.686
CPD Total	7.628	10.201

Staffing

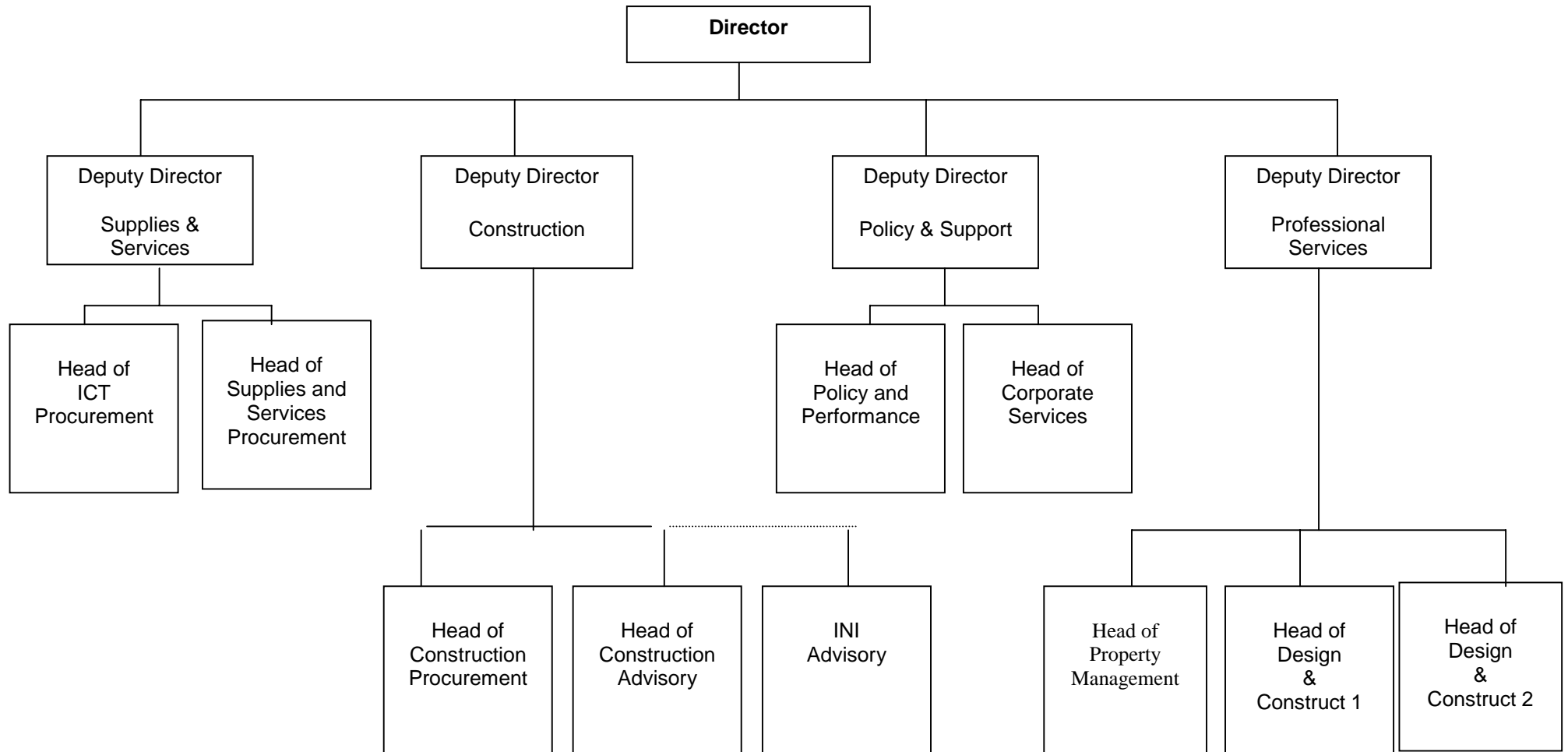
The Directorates current staffing levels are set out below. These numbers may well be subject to change as the organisation develops and the new Directorate structure is implemented.:

General Service	175
Professional and Technical ²	375
Total Non-Industrial	550
Industrial	20

² Including purchasing professionals

Annex C

CENTRAL PROCUREMENT DIRECTORATE – Proposed Structure following Alignment Review



Centres of Experts include the following: -

Central Procurement Directorate (DFP)
Central Service Agency (Regional Supplies Services)
Education and Library Boards
Roads Service (DRD)
Water Service (DRD)
NI Housing Executive
Health Estates (DHSSPS)