

**PROCUREMENT STRATEGY
FOR
CONSTRUCTION WORKS
AND
SERVICES**



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FOREWORD

Central Procurement Directorate (CPD), Department of Finance and Personnel exists to help the public sector deliver better public services. CPD's role is to develop and establish the procurement policy framework and best practice for the wider public sector in Northern Ireland. CPD assists clients to obtain best value for money from their procurement and contributes to the delivery of better public services.

CPD provides the public sector with policy advice and construction related support including professional advisory and project management services. In all work undertaken, CPD promotes excellence and best practice. CPD's role is to help clients define their needs, advise on the best procurement strategy, take projects to the marketplace to obtain best value for money and assist them in managing the delivery of the project.

CPD delivers the majority of projects by partnering with third parties - in particular design teams and contractors. Best procurement practice is therefore at the heart of CPD's business - good procurement practice and good relationships with and within our supply chains are essential to the effective delivery of high quality construction projects.

The procurement strategy set out in this document reflects partnering arrangements designed to complement the knowledge, skills, experience and expertise of CPD staff in helping the public sector deliver better public services.

CPD strongly promotes and implements 'Achieving Excellence for Northern Ireland'¹ (AENI). This is an initiative aimed at improving the public sector as a construction client. It focuses on partnering rather than confrontational relationships and is based on suppliers working together in integrated teams with the client.

This document sets out the principles and approaches on which construction procurement will be taken forward by CPD and the contribution it makes to delivering better public services.

Des Armstrong

Sid Fairfield

¹ The term 'Achieving Excellence' means the implementation of the 2nd Government Construction Clients Group (GCCG) Action Plan: 'Achieving Excellence for Northern Ireland' and compliance with the 'Policy Framework for Construction Procurement'.



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1 INTRODUCTION TO CPD

1.1 MISSION

Central Procurement Directorate's mission is to:-

- ❑ support the Northern Ireland Public Sector in the delivery of better public services through maximising value for money for the taxpayer;
- ❑ promote best value for money procurement;
- ❑ provide Departments with specialist expertise on construction matters; and
- ❑ lead in establishing best practice in:-
 - legal and policy matters relating to procurement; and
 - helping Departments demonstrate accountability and openness in the way they do business.

1.2 VALUES

As a part of the Department of Finance and Personnel, CPD fully subscribes to the 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;
- ❑ development of positive working relationships with others;
- ❑ commitment to the highest ethical standards of public service; and
- ❑ valuing and harnessing the diversity of our staff.

1.3 COMPLAINTS PROCEDURE

We aim to provide a high quality, efficient and professional service to all our customers and deal fairly and efficiently with suppliers. However, occasionally things can go wrong and we are keen to learn from our mistakes. If you feel we have fallen short of demonstrating our values, or meeting our guiding principles as set down in the Northern Ireland Procurement Policy (see section 3), please speak initially to the member of staff with whom you are dealing and they will try to resolve your problem. Should they be unable to resolve your complaint and you wish to take the matter further we have a formal complaints procedure which can be followed in such cases.

Full details of the Complaints Procedure are available from:

<http://www.cpdni.gov.uk/cpd-complaints-procedure.pdf> (PDF, 36 KB)



2 BACKGROUND TO CPD'S PROCUREMENT STRATEGY

The Investment Strategy for Northern Ireland (ISNI) sets out the Government's strategic plans for investment across the public sector, with up to £16 billion worth of projects to be delivered over the next 10 years. The ISNI represents major increases in the levels of investment in infrastructure projects.

Government Construction Clients and the Construction Industry working in partnership is the key to the success of ISNI and the measure of this success will be the delivery of new and improved infrastructure and facilities that contribute to better public services. The ISNI will also provide an opportunity to develop the performance of the local construction industry by building on the Construction Industry Forum for Northern Ireland (CIFNI)'s vision of a profitable and competitive industry that delivers projects that enhance the quality of life and offer client satisfaction; provides and supports desirable natural and social environments and maximises the efficient use of resources.

This document sets out the procurement strategy to be used by CPD clients to deliver ISNI². It has been developed to deliver best value for money and reflect the challenges set by the 'Achieving Excellence' initiative. This initiative has already made significant changes to the way CPD procures construction projects. It is aimed at continuing to improving public sector performance as a construction client and delivering best value for money through an integrated approach between CPD, its clients and their supply chains. This means being at the forefront of best procurement practice and developing better and more effective ways of working with suppliers.

Full details of the 'Achieving Excellence' initiative are available from CPD's website:

http://www.cpdni.gov.uk/achieving_excellence.pdf (PDF, 26KB)

² This procurement strategy will also apply to other Contracting Authorities' projects outside of ISNI.



3 PROCUREMENT POLICY

3.1 BACKGROUND

At its meeting on 16 May 2002, the Northern Ireland Executive agreed a revised public procurement policy for Northern Ireland. The policy was launched by the Minister of Finance and Personnel in the Assembly on Monday 27 May 2002. This policy sets out the objectives adopted by the Executive and the organisational structures, which have been established to implement them. Further details of public procurement policy can be obtained from CPD's website at the following address:

www.cpdni.gov.uk/index/guidance-for-purchasers/public_procurement_policy.htm

3.2 CPD'S TWELVE GUIDING PRINCIPLES

CPD is committed to the twelve guiding principles, adopted by the Procurement Board, in relation to our dealings with suppliers. They are: -

Transparency – ensure that as far as possible there is openness and clarity in policy and its delivery.

Competitive Supply – procure using competitions unless there are convincing reasons to the contrary.

Consistency - suppliers can expect that CPD's procurement policy will be consistent with other Centres of Procurement Expertise.

Effectiveness – meet the commercial, regulatory and socio-economic goals of Government in a manner appropriate to the procurement requirement.

Efficiency – carry out all procurement processes cost effectively.

Fair Dealing – treat suppliers fairly, protecting commercial confidentiality where required. It will not impose unnecessary burdens or constraints on suppliers or potential suppliers.

Integrity – ensure that there is no corruption or collusion with suppliers or others.

Informed Decision Making – base decisions on accurate information and monitor requirements to ensure that they are met.

Legality – conform to EU and other legal requirements.

Integration – policies will pay due regard to Government's other economic and social policies.

Responsiveness – endeavour to meet the aspirations, expectations and needs of the community served by the procurement.



Accountability – ensure that effective mechanisms are in place to enable the Accounting Officer for the Department of Finance and Personnel to discharge his responsibilities on issues of procurement risk and expenditure.

3.3 CODE OF PRACTICE FOR GOVERNMENT CONSTRUCTION CLIENTS AND THEIR SUPPLY CHAINS'

The Government Construction Clients Group (GCCG) and the Construction Industry Group for Northern Ireland (CIGNI) have jointly developed a '*Code of Practice for Government Construction Clients and their Supply Chains*'. The Code sets out the core principles that will govern the behaviour of all members of Integrated Project Teams – Government Construction Clients and Integrated Supply Teams (of Consultants, Contractors, Sub-contractors and Suppliers). It is a code of conduct that encourages all participants to work together openly and co-operatively. It also represents a commitment that all participants are serious about wanting to be better customers and better suppliers within relationships that can bring mutual reward.

The Code is based on the twelve guiding principals for public procurement, but also includes three additional requirements suggested by the CIGNI:-

Selection – ensure that supply chains are selected on the basis of the optimal combination of whole life cost & quality (or fitness for purpose) to meet the customer's requirements.

Incentivise – to ensure that supply chains are remunerated in a way that incentivises them to deliver good quality construction work on time and to budget.

Conditions of Contract – to ensure that Conditions of Contract support teamwork and partnering.

This Code requires Government Construction Clients to act in accordance with its principles in their dealings with their supply chains. Government Construction Clients will, in turn, expect their supply chains to apply the Code's principles in their dealings with supply chain partners.

Full details of the Code are available from:

www.cpdni.gov.uk/code_of_practice.pdf (PDF, 274 KB)



4 POLICY FRAMEWORK FOR CONSTRUCTION PROCUREMENT

4.1 GENERAL

This framework summarises key aspects of Northern Ireland public procurement policy that are particular to construction works and services. It requires all construction procurement to comply with 'Achieving Excellence'; the Northern Ireland Practical Guide to the Green Book (2003 edition); and procurement through a Centre of Procurement Expertise or CPD.

Full details of the Policy Framework for Construction Procurement are available from:

www.cpdni.gov.uk/index/guidance-for-purchasers

4.2 ACHIEVING EXCELLENCE

4.2.1 GENERAL

The 'Achieving Excellence for Northern Ireland' initiative was prepared by the GCCG and endorsed by the Executive Committee of the Assembly. On the 11th October 2005 the Procurement Board approved the extension of 'Achieving Excellence for Northern Ireland' and endorsed the GCCG 2nd Action Plan, which sets targets up to 2008. Full details of the GCCG 2nd Action Plan are available from:

www.cpdni.gov.uk

4.2.2 PROCUREMENT & CONTRACT STRATEGIES

In accordance with 'Achieving Excellence', Departments will work with CPD and SIB to develop procurement and contract strategies for the delivery of ISNI and make this information available to the construction market place. Departments will also work with SIB and CPD to improve client capability.

Departments will implement the recommendations of 'Achieving Excellence in Construction – Procurement Guide 06 – Procurement and Contract Strategies'. In particular, all Government Construction Clients will develop procurement and contract strategies aligned to the preferred integrated procurement routes (PFI, Prime Contracting or Design & Build). Traditional procurement routes will only be used if they demonstrably add value in comparison to the three recommended routes.

Full details of Procurement Guide 06 are available from:

www.ogc.gov.uk/ppm_documents_construction.asp



5 VALUE FOR MONEY

The prime objective of Northern Ireland Public Procurement Policy is to achieve value for money (VFM). VFM is the optimal combination of whole life cost and quality to meet the customer's requirement. Quality may relate to a number of relevant factors including fitness for purpose, functionality, impact on surroundings, whole-life value in relation to long-term adaptability, maintenance and sustainability.

VFM does not mean accepting the lowest bid and innovation should not be stifled. Quality as well as price must be considered when making procurement decisions.

6 LEGALITY

6.1 PUBLIC CONTRACT REGULATIONS 2006

All procurement decisions must comply with the Public Contract Regulations 2006. The Public Contract Regulations can be downloaded from OGC's website at the following address:

www.ogc.gov.uk/procurement_policy_and_application_of_eu_rules_uk_regulations_.asp



7 DESIGN QUALITY

Government recognises that good design needs to be supported and encouraged; design is integral to 'Achieving Excellence' and to the achievement of value for money. It is at the design stage that most can be done to optimise the value of a facility to its end users. Good design takes full account of sustainability.

7.1 PRINCIPLES

Design quality is a combination of functionality (how useful the facility is in achieving its purpose); impact (how well the facility creates a sense of place); and build quality (performance of the completed facility).

Design quality embraces the key requirements of the stakeholders and business, functionality, whole-life value in relation to maintenance, management and flexibility, health and safety, sustainability and environmental impact.

Quality in design and construction has to be treated as one. Quality means right first time, delivery on time and budget, innovating for the benefit of the client and stripping out waste – whether it is in design, materials or construction on or off-site.

It is important that the pursuit of design quality is not undertaken in isolation. It is essential to integrate design quality in the overall procurement process, bringing together client leadership, integration of the project team and continuous improvement.

Design quality is critical for the success of any construction project. There is a significant role for CPD to promote good design. It does not necessarily involve high cost; good design will provide value for money in terms of total cost and cost-in-use.

Good design should:

- ❑ make a positive addition to the location, the environment and the community;
- ❑ add value and reduce whole-life costs;
- ❑ create built environments that are safe to construct and safe to use;
- ❑ create flexible, durable, sustainable and ecologically sound environments for the community;
- ❑ minimise waste of materials, energy and pollution both in construction and use;
- ❑ be attractive and healthy for users and the public;
- ❑ contribute to construction that is quick, safe and efficient; and
- ❑ produce facilities that are easy and cost effective to manage, clean and maintain.



Design ideas will provide better value when they are developed alongside knowledge of construction options and an understanding of how to obtain value from the whole supply chain, including manufacturers. The client and the supply team working together can reduce waste, improve quality, innovate and deliver a project more effectively than if the parties are in a fragmented relationship that may be adversarial.

7.2 POLICY FOR ARCHITECTURE AND THE BUILT ENVIRONMENT

CPD is committed to achieving the principles of high quality design set out by Government in its strategy for better public buildings and the Policy for Architecture and the Built Environment for Northern Ireland – see link below for details:

<http://www.dcalni.gov.uk/index/architecture.htm>



8 PROCUREMENT AND CONTRACT STRATEGIES

8.1 INTRODUCTION

Procurement decisions affecting construction projects should always be made on the basis of value for money over the life of the facility and not on the initial capital cost alone.

8.2 DEFINITIONS

8.2.1 PROCUREMENT STRATEGY

The procurement strategy identifies the best way of achieving the objectives of the project and value for money, taking account of the risks and constraints, leading to decisions about the funding mechanism and asset ownership for the project. The aim of a procurement strategy is to achieve the optimal balance of risk, control and funding for a particular project.

8.2.2 PROCUREMENT ROUTE

The procurement route delivers the procurement strategy. It includes the contract strategy that will best meet the client's needs. An integrated procurement route ensures that design, construction, operation and maintenance are considered as a whole; it also ensures that the delivery team work together as an Integrated Project Team.

8.2.3 CONTRACT STRATEGY

The contract strategy determines the level of integration of design, construction and ongoing maintenance for a given project, and should support the main project objectives in terms of risk allocation, delivery, incentives and so on. There are a number of different contract strategies; the recommended strategies to meet Achieving Excellence principles of integration are outlined below.

8.3 RECOMMENDED PROCUREMENT ROUTES

Procurement policy states that projects should be procured by one of the three recommended procurement routes (PFI, Prime Contracting or Design & Build). Traditional contract strategies, where the design and construction are provided separately, will only be used where it can be clearly demonstrated that this approach will provide better value for money than the preferred integrated procurement routes.

8.3.1 PFI

Under PFI the public sector contracts to purchase quality services from the private sector, on long-term basis, including maintaining or constructing the necessary infrastructure so as to take advantage of private sector management skills, the incentive being by having private finance at risk.

PFI is only recommended for projects whose capital cost is likely to exceed £20m, and where the prime objective is the provision of services and not for the exclusive provision of capital assets such as buildings.



8.3.2 DESIGN & BUILD

Using a single contractor to act as the sole point of responsibility to a public sector client for the design, management and delivery of a construction project on time, within budget (taking account of whole-life costs) and in accordance with a pre-defined output specification, using reasonable skill and care.

In a Design & Build contract, the Integrated Supply Team is responsible for both the design and construction of the facility. The supply team is likely to deliver the greatest performance benefits to the client through innovation, standardisation and integrated supply chains, where appropriate output specifications are used. These specifications focus on what the completed facility enables the client to do.

There may be some circumstances where the Design & Build procurement option may be extended to cover maintenance and possibly operation of the facility for a period of time. Including the maintenance and operation requirements within the contract gives the supplier increased incentive to adopt innovative solutions that provide greater value for money when considering whole-life costs.

8.3.3 PRIME CONTRACTING

Using a single contractor to act as the sole point of responsibility to a public sector client for the management and delivery of a construction project on time, within budget (defined over the lifetime of the project) and fit for the purpose for which it was intended, including demonstrating during the initial period of operation that operating cost and performance parameters can be met in accordance with a pre-agreed cost model.

Prime contracting is an extension of the design & build concept. It requires there to be a single point of responsibility (the Prime Contractor) between the client and the supply team. The Prime Contractor needs to be an organisation with the ability to bring together all of the parties (the supply team) necessary to meet the client's requirements effectively.



9 CONTRACT STRATEGY OVERVIEW

9.1 INTEGRATED SUPPLY TEAM (IST) FRAMEWORK

CPD will normally use Design and Build contracts for the delivery of the ISNI. These contracts will be based on the appointment of Integrated Supply Teams (ISTs) of contractors, designers, specialist sub-contractors and suppliers and their supply chains who will be involved in the planning, design, development, construction and, on some occasions, the maintenance of projects.

Frameworks provide better value for money compared with procurement on an individual project basis. They allow long-term relationships (up to 4 years) to be developed which allow better programming of work and planning of resources. This allows firms to develop the skills and competence of the workforce and to make use of their experience on successive projects.

Frameworks make provision for ISTs to be involved in the early planning and development of projects which facilitates greater innovation and consideration of buildability. The firms will also have a greater understanding of the risks, and more time to develop health and safety plans and to mobilise for the construction of the project.

CPD is currently developing an IST Framework. The IST Framework will include for a two-stage design and build approach, where the IST will be appointed to develop the detailed design and agree a target cost. Only once a target cost has been agreed, will the construction works commence. The IST will be paid design fees and actual construction cost plus agreed overhead and profit, with pain/gain sharing of any savings/exceedings over the target cost.

The estimated aggregated value of projects for which call-offs are to be made from the IST Framework is £500 - 800m for the total duration of the Framework.

It is envisaged that five ISTs will be appointed to the Framework based on a quality/ price competition and work packages will be allocated to ISTs on the Framework on the basis of the most economical advantageous IST as defined from the original Framework appointment or following a secondary competition. CPD will be seeking to identify ISTs that have all of the right skills and who are considered most capable of working in partnership, to identify the optimal solution and to deliver it as efficiently and safely as possible.

To be part of the planned IST Framework, potential ISTs will need to demonstrate good supply chain management practices. In particular, the relationship between the contractor and designers will be very important.

In allocating work to the ISTs appointed to the Framework, the burden of tendering will be kept to a minimum by avoiding the need, as far as possible, for detailed design work during the tender stage. Pricing will be based on a process to establish a target cost when the design is finalised. Target costs will be incentivised in a way that encourages continual improvement throughout the development of the project. Risk schedules will be developed with ISTs to identify a fair allocation of risks to the parties best able to manage them.



The ISTs on the Framework will be required to support CPD in the development of performance indicators and in the identification of best practice. Regular performance assessments will be undertaken to ensure that ISTs are achieving required standards and delivering continual improvement.

Firms appointed to a Framework will not necessarily be considered for every project. A firm may not be invited to bid for any further projects where it failed to substantially achieve performance compliant with the Key Performance Targets. CPD will also monitor the capability of an IST to deliver an increasing workload and will manage the allocation of work to ensure over dependency on one IST does not occur.

The Framework will be managed by a nominated Framework Manager to develop partnering across the whole community of framework suppliers and there will be regular meetings to review overall performance and to consider forward planning.

9.2 INTEGRATED CONSULTANT TEAM (ICT) FRAMEWORK

CPD will establish an Integrated Consultant Team (ICT) Framework to support in-house resources.

The ICT Framework will focus on the provision of:

- Project Management;
- Cost Management; and
- Professional Advisory Services.

It is envisaged that the Framework will include five ICTs of architects, engineers, project managers, cost managers, economic & financial advisors, legal advisors and their supply chains. ICTs will typically be appointed to take forward projects from the client's initial statement of requirements, through strategic assessment and business justification, to preliminary outline design stage. The ICT will then continue to represent the client during the remainder of the project - the detailed design and construction being taken forward by the IST.

The estimated aggregated value of fees for which call-offs are to be made from the ICT Framework is £20 - 30m for the total duration of the Framework.

Whilst each ICT will be required to have the capability to undertake detailed design it is envisaged that this will normally be undertaken by the IST.

The decision as to the extent of preliminary design to be completed by the ICT prior to the appointment of the IST will be determined by the nature and complexity of the each project. For routine projects the IST may be appointed at RIBA stage B. For complex projects or due to other external factors the design may be developed by the ICT to RIBA stage D.



It is envisaged that the ICT appointed from the Framework will not be novated to the IST for a number of reasons including:-

- the ICT is required to continue to represent the client whilst the IST finalises the detailed design and the ICT will also agree the target cost, monitor construction works and settle the final account with the IST; and
- the IST will already have supply chain partners in place and the novation of the ICT would force the IST to accept and work with a new nominated partner which is inconsistent with the procurement strategy which is based on the use of longer term established fully integrated supply teams.

When the IST has been appointed to carry out the detailed design and construction of the project, the ICT will normally continue as the Project Manager, Cost Manager and Professional Advisor. The ICT will play an important role in supporting the partnering approach and will use acquired knowledge to work with the contractor and the new designer whilst they become familiar with the project.

The ICT may also be used to provide other related services. This may include the provision of single, multidiscipline and or specialist advice and input across a wide range of construction related projects including the preparation of economic appraisals, feasibility studies and business plans.

ICT's will be appointed to the ICT Framework based on a quality/ price competition and work packages will be allocated to the ICT's on the Framework following a secondary competition between the ICTs appointed to the Framework or directly to the most economically advantageous ICT where this can be identified from the original terms of appointment to the Framework.

CPD will be seeking to identify ICTs that have all of the right skills and who are considered most capable of working in partnership with the clients and the ISTs to identify optimal solutions and to deliver them as efficiently and safely as possible.

To be part of the planned ICT Framework, potential ICTs will need to demonstrate good supply chain management practices.

The ICTs will be required to support CPD in the development of performance indicators and in the identification of best practice. Regular performance assessments will be undertaken to ensure that ICTs are achieving the required standards and delivering continual improvement.

Every ICT will not necessarily be considered for every project. An ICT may not be awarded any further projects where it has failed to substantially achieve performance compliant with the Key Performance Targets. CPD will also monitor the capability of an ICT to deliver an increasing workload and will manage the allocation of work to ensure over dependency on one ICT does not occur.



The Framework will be managed by a nominated Framework Manager to develop partnering across the whole community of framework suppliers and there will be regular meetings to review overall performance and to consider forward planning.

9.3 MARKET SECTOR

The Frameworks will be set-up with ISTs and ICTs capable of designing and constructing a range of facilities including, but not limited to:- office accommodation, college/teaching facilities, workshops, laboratories, factories, storage facilities, amenity facilities, business/industrial units, site/park/estate roadways, criminal justice facilities, harbour or other marine developments, landscaping and regeneration schemes

The Frameworks will be available to Government Departments; Agencies; Non-departmental Public Bodies; Local Authorities; or other Contracting Authorities (including subsidised bodies or other grant recipients).

9.4 GEOGRAPHICAL SCOPE

Each of the ISTs and ICTs appointed to the Frameworks may be required to complete a project anywhere in Northern Ireland.

9.5 FORM OF CONTRACT

The Office of Government Commerce (OGC) advises public sector procurers that the form of contract used has to be selected according to the objectives of the project, aiming to satisfy the Achieving Excellence initiative principles. OGC recommends the use of NEC3 by public sector construction procurers on their construction projects. It has also been agreed that NEC3 will become the standard form of contract for public sector construction procurement in Northern Ireland.

NEC3 is a modern family of standard contracts that embraces the concept of partnership and encourages employers, designers, contractors and project managers to work together through both a powerful management tool and a legal framework to facilitate all aspects of the creation of construction projects.

The Frameworks will be based on the NEC3 form of contract and CPD will require the use of an appropriate NEC3 contract between members of the supply chain.

9.6 CONTRACTUAL DISPUTES

Contractual disputes are time consuming, expensive and damage client/supplier relationships. They can add substantially to the cost of the project as well as negating some, or all, of its benefits particularly in terms of value for money. One of the key features of the NEC3 form of contract is the early identification and avoidance/resolution of problems whether associated with time, cost or quality. A contract early warning procedure places obligations on all parties to work together



to avoid disputes. The contract includes adjudication provisions, which comply with the industry standard and Statutory Obligations and Rights.

In the event that disputes do arise, it is important that they are dealt with in an appropriate and expedient manner. The form of dispute resolution will be determined by the circumstances, but CPD will be promoting Alternative Dispute Resolution processes.

9.7 CODE OF PRACTICE FOR SUPPLY CHAINS

The Frameworks will embrace the '*Code of Practice for Government Construction Clients and their Supply Chains*' as outlined in section 3.3.



10 PROCUREMENT OUTSIDE FRAMEWORKS

10.1 COMPETITIVE TENSION

Whilst frameworks will normally be used to procure ICTs and ISTs, ICTs and ISTs for large or specialist projects may be procured outside of the established Frameworks. Procurement outside Frameworks may also be used to compare VFM and performance with work delivered through the Frameworks and to maintain competitive tension within Frameworks.

10.2 DESIGN COMPETITIONS

A design competition is a selection process where the focus is on choosing design ideas or an outline design for a project.

A design competition can be integrated into the procurement of ICTs or ISTs from established Frameworks. As part of the secondary competition process ICTs and ISTs may be invited to submit design proposals. Although it is expected that ICTs and ISTs will already have first class professionals within their supply chain, they would have the flexibility to add additional expertise were appropriate.

A separate design competition is often inappropriate as it may divorce the design team from the development of the client's brief, thus reducing the benefit that a good design team can bring to the project. However, an international or other separate design competition to select a fully multidiscipline ICT or IST to develop an outline design may be appropriate where the client has a well-developed brief for the project and, for example, where:

- there is a unique problem that will benefit from a wide range of design approaches being explored;
- considerable public interest calls for a public process;
- when the client wants to encourage new talent or improve local design standards.

A separate design competition should not be considered in isolation from the overall procurement strategy for a project. The decision to appoint the design team by separate competition should include consideration of the following issues:-

- how the procurement route for the complete project will align with 'Achieving Excellence';
- the scope of work to be undertaken by the winning design team;
- the extent to which the winning design team will develop the design prior to the appointment of the IST; and
- the role of the winning design team after appointment of IST.

If the design service will be above the relevant applicable cost threshold, the competition will be administered in accordance with the Public Contract Regulations 2006.



10.3 GRANT FUNDED PROJECTS

Where a client is not a Government Department, Agency or NDPB the decision to appoint an ICT or IST from the established Frameworks to take forward a grant-funded project will be dependent on the conditions attached to the grant. The decision to use the established Frameworks will be dependent on the proportion of public funding and other external factors including the interests of other funding partners.

10.4 TENDER REQUIREMENTS FOR PROCUREMENT UNDER EU THRESHOLD

Where an ICT or IST is to be procured outside of established Frameworks and the value of the procurement is under the EU Threshold, CPD will require suppliers to be registered with Constructionline (or equivalent) and to comply with the requirements of the Buildsafe-NI initiative. Further details of Constructionline and Buildsafe-NI can be obtained from the following websites:-

www.constructionline.co.uk

www.cpdni.gov.uk/index/guidance-for-suppliers/buildsafe.htm



11 SELECTING CONSULTANTS AND CONTRACTORS

11.1 OBJECTIVES

This new procurement strategy will result in a tendency towards fewer, better quality contractors and consultants (hereafter referred to as suppliers) appointed on a longer-term basis. It will be vital that the best suppliers are employed either as part of a Framework or as a single project provider. There needs to be a clear understanding of what aspects of quality add real value to the service delivery and the requirements and procedures need to be consistent and transparent to potential suppliers. The following are key objectives of this selection process:

- That CPD identifies and appoints suppliers that can work in partnership to deliver best value services and solutions, and that good performance is incentivised by fair rewards.
- That suppliers are selected on the basis of the optimal combination of quality and price which for any particular service or project will achieve the delivery of best value for money.
- To maintain a supplier base that is competitive and sustainable, and which is motivated to seek work from CPD's clients and to achieve continual improvement.

11.2 PROCURMENT PROCESS

Suppliers will be selected following notification of the competition in the Official Journal of the European Union (OJEU) (if above threshold) and on CPD's website.

Normally competitions will follow the 'restricted' procedure. Suppliers will initially complete and submit a Pre-Qualification Questionnaire (PQQ) in which they must demonstrate they meet minimum requirements. CPD will then undertake a transparent and auditable evaluation of the PQQs.

This short-listing process will include a robust financial appraisal of suppliers to determine their economic standing and financial regularity. The minimum economic standing will depend upon the scale of the work and the risk involved. In assessing the minimum financial standings, CPD will not unfairly disadvantage SMEs.

A variety of tender evaluation techniques appropriate to the scale and complexity of the Framework will be used to make a robust and transparent evaluation of tenders.

The result of each competition will be published on CPD's website and in the OJEU.

11.3 SELECTION CRITERIA

At tender stage, quality criteria used for selection purposes will look at suitability and focus on those aspects of quality that contribute most to added value. The



criteria and the weightings will vary depending on the nature of the work, but the intention will be to ensure that requirements are transparent and that assessments are consistent. For most Frameworks/projects there will be high emphasis placed on:

- Experience
- People policies
- Supply chain management
- Sustainable construction performance
- Partnering culture
- Health and safety
- Integration of wider environmental, social and economic policies
- Price, cost management and control

11.3.1 EXPERIENCE

Suppliers will be required to demonstrate a proven track record in the delivery of projects of similar scale, nature and complexity to the workload envisaged.

11.3.2 PEOPLE POLICIES

CPD will look for evidence from suppliers that they have a commitment to their staff, such as training programmes, Investors in People accreditation or procedures based on the Respect for People toolkits. This will provide evidence that supplier's staff are being developed in terms of culture, skills and competencies. It is also an important consideration in assessing a supplier's ability to recruit and retain the skilled resources needed to deliver the programmes of work.

11.3.3 SUPPLY CHAIN MANAGEMENT

The integration and incentivisation of the whole of the supply chain will be given high importance in the selection of suppliers as this is a major factor in the delivery of best value. The supply chain needs to be incentivised and rewarded for effective risk management and contributing to added value. This will require that the allocation of risks is applied fairly and consistently throughout the supply chain.

The supply chain management policies and performance of suppliers will be scrutinised to ensure that the benefits of integrated teams are delivered. CPD will look for evidence of good practice. The relationship between contractors and their designers will be particularly important. CPD will require arrangements that incentivise the development of best value solutions and not solutions that are simply the cheapest to design.

11.3.4 SUSTAINABLE CONSTRUCTION PERFORMANCE

Sustainability will be integrated into procurement decisions ensuring that contributions to sustainability are taken forward within the framework of best value for money.



11.3.5 PARTNERING CULTURE

CPD will require evidence that firms have developed a partnering culture throughout their organisation and with their supply chain. Suppliers will need to demonstrate a senior level commitment to support project teams in a partnership approach to deliver mutually agreed common objectives.

11.3.6 HEALTH AND SAFETY

Public sector clients are required by Northern Ireland Public Procurement Policy to carry out a rigorous assessment of potential supplier's health and safety performance during the procurement selection process to establish:-

- ❑ their competency and the adequacy of their resources;
- ❑ their commitment to a significant reduction in the number of accidents and near-misses;
- ❑ their commitment to continuous health and safety improvement year on year;
- ❑ compliance with the requirement that operatives possess evidence of appropriate health and safety training; and
- ❑ their commitment to training and improving skills.

Clients are also required to audit contractors to check that they are actually complying with their stated approach to health and safety. CPD will discharge its obligations in this respect by monitoring supplier performance against their health and safety management systems and site inspection programmes, which will be requested by CPD as a requirement of the contract specification.

Further information on clients' health and safety obligations can be obtained from the Office of Government Commerce document 'Achieving Excellence in Construction - Procurement Guide 10 - Health and Safety', which can be downloaded from the following website:

www.ogc.gov.uk/ppm_documents_construction.asp

All Northern Ireland Public Sector works contracts published in the Official Journal of the European Union (OJEU) will include a section on health and safety as part of the evaluation process. The rigorous assessment of potential contractors shall recognise the importance of documented health and safety management systems as part of the pre-award assessment and post-award audit process.

In assessing the health and safety performance of potential contractors, a proportion of the marks shall be allocated for health and safety management systems. The quality of a health and safety management system will be considered as enhanced if it has been accredited by a third party recognised as competent in the assessment of quality and management systems (e.g. companies listed by United Kingdom Accreditation Service (UKAS) or equivalent).



A contractor who does not have a documented health and safety management system with third party accreditation, but fulfils the overall minimum standard for health and safety and whose tender is the most economically advantageous will be required, as part of the contract specification, to obtain accreditation of his documented health and safety management system within a reasonable time period of being awarded the contract.

CPD is fully committed to bringing about a substantial reduction in the number of accidents on construction sites and to provide better working conditions for the workforce. Improved health and safety performance will be promoted by including the following requirements in CPD's procurement procedures:

- ❑ Closer scrutiny of supplier's corporate commitment to continual improvement in health and safety and of their record of performance;
- ❑ Regular monitoring and reporting of performance on a wider scope, including near misses;
- ❑ Targets for continual improvement;
- ❑ Earlier involvement of the contractor and the supply chain in the planning and design of work;
- ❑ Greater scrutiny of designers' performance in producing designs which are safe to build, maintain and operate;
- ❑ Longer familiarisation and mobilisation periods for the contractor and the supply chain;
- ❑ Demanding targets for the training of operatives and the policing of the registration scheme;
- ❑ Requirement on suppliers to produce action plans following accidents;
- ❑ More comprehensive post-project reviews; and
- ❑ Ongoing work opportunities linked to good performance on health and safety.

Health and safety policies and performance will be a key factor in the selection of suppliers. Suppliers will need to demonstrate a strong corporate commitment, which is supported by a robust health and safety structure and a good safety record.

11.3.7 INTEGRATION OF WIDER ENVIRONMENTAL, SOCIAL AND ECONOMIC POLICIES

The Sustainable Development Strategy for Northern Ireland recognises, as a priority, the need for regeneration and the need to build sustainable communities. The objectives of the Strategy are centred around economic wellbeing; attractive, healthy, high quality environments; and greater community engagement and civic leadership.

A sustainable economy will help drive the social progress which reduces deprivation and inequalities and improves the quality of life for everyone, whilst protecting the environment and its resources. CPD recognises that the



Sustainable Development Strategy for NI represents an excellent opportunity for construction procurement to play its part in delivering sustainable infrastructure.

In line with the Sustainable Development Strategy for Northern Ireland, CPD may also, where appropriate, require suppliers to demonstrate how they can use construction procurement to deliver on Government's wider agenda of environmental, social and economic policies, including voluntary actions over and above compliance with minimum legal requirements to improve wider society.

11.3.8 PRICE, COST MANAGEMENT AND CONTROL

CPD is seeking to select suppliers best able to identify optimal solutions and to deliver them efficiently and safely. Price will be taken into account at tender stage in terms of design fees, hourly rates, overheads and profit as appropriate for an ICT or IST.

CPD will assess the attitude and ability of suppliers to manage risks, remove waste, improve efficiency and to control costs. CPD will use risk schedules to help ensure that potential risks are identified during the tender period and are allocated clearly and fairly under the contract.

Government clients will accept risks where appropriate provided that suppliers play a full part in effective risk management to minimise cost consequences.

CPD will place more importance on the ability of suppliers to estimate project costs, including risks, and to forecast expenditure accurately. The success of long-term relationships depends on reliable and robust cost estimates to develop affordable forward programmes.

CPD will continue to work to its prompt payment policy which requires payment of invoices within 30 days. CPD will require its main suppliers to treat the supply chain in the same way and performance monitoring in this respect will be carried out.

11.4 MINIMISATION OF TENDERING COSTS ON INDUSTRY

CPD recognises the high cost of tendering and that these costs do ultimately find their way back to clients. Procedures will be introduced to keep tendering costs to a minimum.

The number of tenderers will be in line with the minimum required by procurement legislation that is aimed at ensuring fair competition. The need for detailed design submissions and technical approvals during the design period will be kept to a minimum.

It will be normal practice to hold meetings or 'clinics' with tenderers during the tender period. This will be aimed at ensuring that tenderers understand requirements. This will help to avoid any abortive effort and help to ensure that compliant bids of an appropriate quality are submitted.



11.5 JOINT SUBMISSIONS

Suppliers will be required to develop integrated 'one-stop shop' service delivery with all necessary resources in-house, or establishing consortia or joint ventures with appropriate supply chain arrangements. With joint ventures, or similar, it will be important to demonstrate how all of the necessary services will be delivered and how the different elements will be brought within appropriate quality systems.

11.6 SMALL AND MEDIUM SIZE FIRMS

CPD's client's programme of work is increasing and it will be important to ensure that there are adequate resources available to deliver the programmes.

CPD will put much emphasis on the need for main suppliers to adopt supply chain management policies and practices which integrate, incentivise and reward good performance throughout the supply chain. This will need to include an equitable allocation of risks throughout the supply chain. All suppliers will be required to comply with the 'Code of Practice for Government Construction Clients and their Supply Chains'.

11.7 SUPPLIER PERFORMANCE ASSESSMENT AND REPORTING

CPD will work with its suppliers to establish consistent indicators, which can be used to identify best practice and measure performance of all those involved in project or service delivery. The need to demonstrate continual improvement will be the basis of longer-term partnerships.

CPD will introduce 360-degree reporting throughout the supply chain, including suppliers reporting on clients, to ensure that partnering operates effectively. Performance reports will be required for all projects. Regular performance reviews will be undertaken and CPD will require proposals for addressing inadequate performance.

A CPD Supply Chain Management Team has been established to manage supply chain relationships. Particular attention will be given to the development of business relationships with its key suppliers including the agreement of strategic management objectives to improve standards of business delivery. The team will be responsible for performance reviews and validation checking of quality promises and submissions.



12 FURTHER INFORMATION AND UPDATES

12.1 FURTHER INFORMATION

If you require any further information or have any queries regarding this strategy then please email your query to:

construct.info@dfpni.gov.uk

or send by post to:

**Central Procurement Directorate
Construction and Advisory Division
Contracts Branch
Clare House
303 Airport Road West
Belfast BT3 9ED**

12.2 DOCUMENT UPDATES

It is recognised that procurement and contract strategies need to be reviewed as priorities and procurement best practice develops. This document will be published on CPD's website (www.cpdni.gov.uk) and will be reviewed annually.

DOCUMENT HISTORY

Version	Date	Reasons/ Summary of Changes
Version 1.0	27.04.07	Initial publication

