

DEPARTMENT OF FINANCE AND PERSONNEL

CENTRAL PROCUREMENT DIRECTORATE

ALIGNMENT REVIEW

Chapter 1

Introduction

1.1 The Review of Public Procurement recommended the establishment of a Procurement Board and a Central Procurement Body made up initially of the Construction Service and the Government Purchasing Agency. The recommendations of the Procurement Review have been endorsed by the Executive. The Procurement Board in consultation with the Director of the Central Procurement Body and the Department have been charged with undertaking an alignment review to determine the most suitable structure for the Central Procurement Body and the functions it would discharge.

1.2 Construction Service and the Government Purchasing Agency ceased to be Agencies with effect from 31 March 2002 and came together to form the Central Procurement Directorate (CPD), a core Directorate within the Department of Finance and Personnel.

- 1.3 At its inaugural meeting on 3 July 2002 the Procurement Board agreed that the Director should undertake the recommended alignment review.
- 1.4 The Alignment Review is intended to set out a new senior management structure for the Directorate and brigade the existing business units of the Procurement and Construction Services under it to develop an organisation capable of delivering the recommendations contained in the Procurement Review Report.
- 1.5 Given that the Directorate is required to continue the services it already provides to Departments etc and also to establish a policy development capability, the Alignment Review does not examine the efficiency and effectiveness of the existing business units. Its aim is to quickly put in place a structure which will deliver the recommendations contained in the Procurement Review, maintain regulatory compliance and seek best value for money in public procurement across the Northern Ireland Public Sector.
- 1.6 When the new structure has had an opportunity to bed into its new operational environment, efficiency reviews of the Directorate's various business divisions can follow. It is envisaged that these would be undertaken after the procurement review implementation end date of 31st March 2005.

- 1.7 As Agencies the Procurement and Construction Services supported the Department's vision "To be a centre of excellence in all areas of our business, dedicated to continuous improvement in the quality of our work" and the relevant strategic objective "to support and enhance the business performance of Northern Ireland Departments their Agencies and the wider public sector".
- 1.8 This support was achieved by adoption in the case of Construction Service of a strategic objective "to provide impartial, best value, professional support to the public sector on construction related matters" and in the case of Procurement Service of a strategic aim "to provide customer departments and other public sector customer organisations with high quality professional procurement services which deliver value for money and guarantee full legal compliance, at full cost recovery".
- 1.9 CPD will also support the Department's vision and relevant strategic objectives by adopting as its mission statement "to work with Northern Ireland Public Bodies to achieve best value for money in their procurement activities having due regard to the integration of economic, social and environmental policies".

Chapter 2

Alignment Review Process

- 2.1 The process followed for the Alignment Review has involved the senior management team in CPD considering the roles and responsibilities allocated to it by the Procurement Review, establishing an organisational structure to deliver them and mapping existing resources in Construction Service and Procurement Service on to that structure.
- 2.2 Consideration has also been given to how best to allocate the responsibility and resources for services currently delivered on behalf of the Department by the two existing Services but which are not included in the CPD roles set out in the Procurement Review.
- 2.3 This process has involved:
- Strategic Planning Workshop
 - Management Team Meetings
 - Meetings with BDS and VLA
 - Consultation with Senior Departmental Management
 - Consultation with staff representatives

Review Methodology

2.4 The methodology applied in undertaking the review has involved three stages:

Stage 1 - Analysis of the Mandates assigned to Central Procurement Directorate (CPD) by the Public Procurement Policy and listing of the corresponding functions.

Stage 2 - Analysis and listing of the functions and services currently undertaken or provided by Procurement Service (PS) and Construction Service (CS).

Stage 3 - Mapping of the current functions of PS and CS onto the functions identified for CPD to determine:-

- a) CPD functions currently undertaken.
- b) CPD functions not undertaken at present and which need to be resourced in the new post alignment structure.
- c) Functions currently undertaken which are not mandated to CPD under the Procurement Policy and to which consideration as to future delivery needs to be given.

Workshop

2.5 The Directorate commissioned the Business Development Service (BDS) to facilitate a strategic planning workshop attended by senior managers from CPD. The purpose of the workshop was to examine ways to strategically re-align the Construction and Procurement Services to deliver the recommendations contained within the Procurement Review. This workshop was held in the Burrendale Hotel over 3 and 4 September 2002.

2.6 The outputs from the workshop were:-

1. an agreed set of mandates for the Directorate;
2. an agreed list of functions currently carried out by the Directorate for which it has no mandate;
3. a suggested outline structure for the Directorate; and
4. an action plan to take forward issues still outstanding at the conclusion of the workshop.

2.7 The BDS report of the workshop is attached as Appendix A. This highlights options for re-structuring and identifies a preferred option/proposed structure.

Review Mandates and Functions to be undertaken by Central Procurement Directorate

2.8 The Procurement Review Report at para 3.10 sets out 14 Roles and Responsibilities for the new Directorate (see Appendix B).

2.9 One of the roles identified is “maintaining a central expertise on the use of PFI and PPP”. However the need for, and location of such expertise within the NICS has been the subject of reconsideration as a result of the Review of Public Private Partnerships report published last year and also in light of the outworking of the Reinvestment and Reform Initiative. The results of this are discussed later at 3.21.

2.10 The roles allocated to CPD by the Procurement Review fall broadly into four areas:-

- a) Operational The provision of advice to Ministers and procurement services and advice to NI Departments and associated bodies which are not provided by Centres of Procurement Expertise. The operation and maintenance of systems and procedures to support this. Interaction with Centres of Expertise and major stakeholders.

- | | |
|--|---|
| b) Policy | Supporting the Procurement Board in development, review and dissemination of procurement policies, best practice and research to be applied across the Northern Ireland public sector. |
| c) Management Information and Performance Management | Developing and communicating management information on Northern Ireland public sector procurement and measuring performance on procurement activity. |
| d) Relationships and Professional Development and Research | Strategic management of key suppliers and strengthening relationships with public procurement organisations in Great Britain and Ireland and appropriate trade associations. Development of procurement as a profession within the Northern Ireland public sector and promoting appropriate research. |

2.11 In addition there is a support role needed within the Directorate to provide administration, personnel and financial liaison with Corporate Services Group, secretariat to the Procurement Board and Procurement Practitioners Group, staff training and development, maintenance of Investors in

People and Quality Assurance System and e-business systems.

2.12 To deliver the mandated roles and responsibilities set out in the Procurement Policy (see appendix B) CPD must undertake the following functions:-

Function	To Deliver Mandate
Procurement Strategy Development and Advice	iii, vii, xiii
Review and Development of Procurement Policy	i, ii, xiii
Operational Procurement Service (Goods, Services & Works)	iv, ix, x, xiii
Identification and Dissemination of Best Practice	iv, xi, xiii
Procurement Management Information and Performance Measurement	v, vi
Professional Development in Procurement, Relationships and Research	x, xii, xiv
Support Services and Administration	

Functions and Services Currently Undertaken by Procurement Service and Construction Service

Procurement Service

2.13 The Procurement Service provides professional advice and support to public sector organisations and establishes, on their behalf, effective contracts for the procurement of goods and services to enable them to achieve best value for money in procurement. The service is delivered through a complement of 100 posts made up of teams of dedicated purchasing staff numbering 74, 83% of whom have obtained formal procurement qualifications, a specialist e-business systems unit of 9 staff and an administration unit of 17 staff. To maintain the professional skills and qualifications needed to deliver this service Procurement Service has attached particular importance to the training and development of all staff.

2.14 Specifically the Service provides the following services for customers tailored to their individual requirements:-

- Establishing contracts in compliance with procurement legislation;
- Contract management;

- Advice on procurement matters including major capital projects;
- Training in the effective and efficient application of procurement;
- Advice on implementation and use of Government Procurement Card;
- E-business systems and Bureau service using e-procurement; and
- Facilitate access to other procurement services and expertise as required.

Construction Service

2.15 Construction Service provides a professional design, maintenance and advisory service on construction related matters to Government Departments, Agencies and public bodies. In doing so it promotes excellence of design, construction, maintenance management, environmental quality and safety standards, combined with value for money, in all work undertaken. To maintain the professional skills and qualifications needed to deliver this service Construction Service operates a training and development programme across a wide range of construction disciplines.

2.16 This service is delivered with a complement of 500 posts, 330 of which are Professional and Technical grades covering architects, engineers and surveyors, 30 industrial grades and 140 administrative and support grades.

2.17 More specifically Construction Service provides the following services to customers:-

- Operational Construction Procurement
- Construction
- Structural Design Service
- Property and Estate Maintenance
- Geotechnical Service
- Supply of Office Furnishings, Stores and Portage
- Building Regulations Technical Advice
- Fire Safety and Inspection
- Energy Management Service
- Advice on Rethinking Construction Initiatives

- Contract Administration
- Co-ordination of Public Sector Construction Contracting

Other Construction Issues

2.18 The roles and responsibilities allocated to CPD cover all procurement matters including works (construction). The Directorate will be required to liaise and work with the supply side of the construction industry in a wide range of operational, policy and information issues.

2.19 Consequently there is considerable overlap between the work of CPD and the role of “Construction Industry Sponsor” currently undertaken through Accommodation and Construction Division by Corporate Services Group (CSG).

2.20 The appropriateness of these arrangements is also considered by this review.

CPD Functions Currently Undertaken by CS & PS

2.21 Of the functions to be undertaken by the Directorate, Construction and Procurement Services currently provide:-

Function	To Deliver Mandate	Currently Delivered by	
		PS	CS
Procurement Strategy Development and Advice	iii, vii, xiii	%	%
Review and Development of Procurement Policy	i, ii, xiii	%	%
Operational Procurement Service (Goods, Services & Works)	iv, ix, x, xiii	✓	✓
Identification and Dissemination of Best Practice	iv, xi, xiii	%	%
Procurement Management Information and Performance Measurement	v, vi	x	X
Professional Development in Procurement, Relationships and Research	x, xii, xiv	✓	✓
Support Services and Administration			

% - to some extent

✓ - fully

x - not at all

2.22 Therefore, in order for CPD to meet its mandated roles and responsibilities, resources need to be re-allocated to enable it to perform the functions relating to the major areas of Procurement Strategy, Policy Development, Best Practice Guidance, Management Information and Performance Measurement.

Related Issues – Department Roles

2.23 Construction Service currently undertake certain functions on behalf of the Department which the Procurement Review does not include with the CPD mandated roles and responsibilities and therefore need to be addressed. These functions are:-

- Professional Services
- Property Management
- Geotechnical Service
- Supply of Office Furnishings, Stores and Porterage
- Building Regulations Technical Advice
- Fire Safety and Inspection
- Energy Management Services

Chapter 3

A Structure to Deliver the Procurement Policy

- 3.1 As can be seen from the previous chapter CPD is presently strong on service delivery and advice to its clients. However the current structure does not provide resources to undertake wider issues such as strategy development, policy development, best practice guidance, management information and performance measurement.
- 3.2 In determining how to address this shortfall consideration was given to distributing the various elements which go to make up the overarching function of policy development among the appropriate operational teams. However, it was felt that this would diminish the focus this area deserves, minimise associated cross cutting initiatives and strategies and perhaps fail to deliver this high priority area in a timely manner. Consequently it is judged best to keep operations and policy separate, with appropriate operational input being sought as policy development demands.
- 3.3 In order to achieve this the new organisation should have two discrete functional areas:
- (a) an operational service delivery function, which would include providing procurement advice to clients and which is committed to achieving best value for money in relation to the procurement needs of customers; and

- (b) a policy function committed to developing policy and related matters for procurement across the public sector.

Operational Service Delivery

3.4 A core function of the Directorate is the delivery of effective contracts for Supplies, Services and Works and the provision of advice on procurement matters. This function is executive in nature and extensive, interfacing with the whole client base. Delivery of the function tends to fall naturally into two principal areas stemming from the legalities and specialist skills associated with each.

3.5 These areas are:

- Supplies and Services; and
- Works

Supplies and Services Procurement and Advice

3.6 The Procurement Review acknowledges that the concept of best value for money is central to public procurement policy and that it is not confined to efficiency and effectiveness but encompasses the optimum combination of whole life costs and quality to meet the customer's requirement. In order to achieve best value in relation to the procurement of supplies

and services while integrating the Executive's economic, social and environmental policies it is imperative that such procurement is conducted by well trained and managed professional procurement teams capable of operating within the legal and administrative frameworks and of exercising judgement in complex circumstances. It is with this in mind that the proposal includes the setting up of two business areas to deal with:-

- (a) the central procurement of supplies and services generally; and
- (b) the specific procurement associated with information and communication technology (ICT).

3.7 General Supplies and Services – this business area will take the lead in delivering strategic procurement plans with Departments to ensure that the appropriate level of professionalism and best practice is applied to high value/strategic procurements and that routine purchases are managed effectively through the controlled environment of electronic systems and the Government Procurement Card. It will also provide a full procurement service delivering advice, contracting and contract monitoring to Northern Ireland Departments, their Agencies, NDPBs and public corporations while maintaining good working relationships with and between customers and suppliers.

- 3.8 The procurement of supplies and services is regulated by specific legislation – and is subject to appropriate terms and conditions of contract.
- 3.9 **ICT Procurement** – this business area will take the lead on the development of strategic procurement plans for IT enabled business changes and cross cutting initiatives in procurement. It will also provide a full procurement service on ICT across the NICS through advice, contracting and contract monitoring.
- 3.10 ICT has a strategic significance for the delivery of the modernisation initiative and the future business needs of Departments and Agencies, as outlined in their e-business strategies and to meet the e-government agenda within the Programme for Government. This will result in increased demands for large scale, complex, high risk, strategic procurements (typically subject to Gateway reviews). To meet these demands from the customer base it is necessary to maintain and develop the existing expertise in Procurement Service to ensure maximum value for money from the market place and successful delivery of projects.

Works Procurement and Advice

- 3.11 Works projects are often high value, high risk and require complex procurement solutions. They tend to have a long gestation period from inception to commissioning, use a wide variety of procurement strategies and involve the drawing

together of several supplies and services providers. This is further complicated as such procurement demands a robust evaluation process capable of withstanding tests of transparency and probity. Therefore, in order to retain and develop expertise in such procurement it is best to treat the procurement of works projects as a discrete business area.

3.12 This business area will be responsible for the development of specifications, contract conditions and other construction related activities, eg Constructionline, KPIs, sustainability, social policy and green issues, etc. In addition, it will be responsible for the tendering process and the provision of project sponsors, project managers and advisors as required to client bodies. It will also be responsible for the Gateway process in terms of management, training and team selection. It will ascertain Departments' construction programmes and related resources and will deliver these programmes/projects through in house teams and the employment of construction consultants and contractors where appropriate.

3.13 Works procurement is regulated by specific legislation and subject to terms and conditions of contract appropriate to the nature of the work being tendered.

3.14 Considering the diverse nature and volume of work which works procurement and advice embodies it is proposed that this area is divided into two business areas one covering construction procurement and the other construction

advisory services. The extensive advisory element ensures that the policy relating to construction procurement and initiatives is disseminated, understood and applied across the public sector. This is achieved through providing specific advice centrally or through the outposting of Construction Service staff to clients to take on the roles of intelligent customer and project sponsor where those clients do not have such expertise in house. Major clients in this area include Invest Northern Ireland and the Department of Education.

Operational Support

3.15 Operational procurement requires considerable administrative support in placing adverts, issuing, receiving and opening tenders, security clearance of contractors, quality audits etc. In addition the application of Gateway Reviews to all major capital projects across the NICS will need organisational and administrative support. It is proposed to concentrate this activity in an Operational Support Branch which in addition would co-ordinate the collection of data across the public sector procurement community. While the branch would service all operational business areas, for management purposes it will be located in the construction advisory business area.

Management of Operational Services

3.16 It is felt that on the basis of responsibility and accountability for the resources and operations involved in these business

areas that it is appropriate to split the work into two divisions each headed by a senior manager at level two in the organisational structure. One division would cover procurement of supplies and services and ICT projects the other concentrating on construction procurement and advisory services.

Policy and Support

Policy Development, Management Information and Performance Management

3.17 The Procurement Review identifies the development and delivery of public procurement policy, improved management information and performance measurement as key areas which need to be addressed. To take this work forward and maintain a focus on these areas which are paramount to the successful delivery of the recommendations of the Procurement Review it is proposed to create a discrete business area for them within the proposed structure.

3.18 This business area will have responsibility for the majority of initiatives emanating from the revised policy on public procurement. It will take the lead in developing public procurement policy and promulgating that policy with advice and guidance across the Northern Ireland public sector. This will include the integration of economic, social and environmental policies with public procurement while remaining compliant with EC Directives. In addition, this

area will have responsibility for performance monitoring and co-ordination of management information relating to procurement spends and throughput. It will also operate the Concordat on procurement with the UK Government and maintain the liaison with OGC, the devolved administrations and public procurement organisations in the Republic of Ireland.

Support Services

3.19 The provision of good corporate services is essential to the success of CPD. These services would include administration, personnel and finance liaison, private office, IT support etc. In addition, resource needs to be made available for the development of procurement professional competencies across the public service and for secretariat support to the Procurement Board and Procurement Practitioners Group and other standing committees as required. It is proposed to deliver this service through a Corporate Services Sub Division.

3.20 Given that the development of procurement policy and performance is the most significant and challenging development arising from the Procurement Review it warrants a senior manager at level two in the CPD structure and it is proposed, therefore, to create a post at this level responsible for a policy and support division comprising the policy, performance and corporate services business areas discussed above.

CPD role in Public Private Partnerships

3.21 At 2.9 earlier it was noted that the Procurement Review recommendation for CPD to maintain “a central expertise on the use of PFI and PPP” has been modified by other initiatives.

3.22 These have resulted in proposals to establish a Strategic Investment Body (SIB) which will play a key role in providing advice on a public sector investment strategy for Northern Ireland including the opportunities for PPPs. The SIB will also work closely with Departments in the development of significant and strategically important PPP projects.

3.23 The SIB will be assisted administratively by a new central Public Private Investment Unit (PPIU) which is to be located within the Economic Policy Unit of OFMDFM. The PPIU will be responsible for developments and co-ordination of PPP policy advising Departments on PPP policy matters and monitoring and evaluating its implementation.

3.24 CPD will work closely with the SIB, PPIU and Departments in the development of procurement strategy and it will be consulted on all general procurement policy issues.

3.25 CPD will also assist Departments with the procurement of financial, legal and technical advisors, as required, for PPP projects.

3.26 Given the scale normally associated with PPP projects they are likely to require, in accordance with Procurement Policy, independent assessment by way of Gateway Reviews. CPD will facilitate such reviews as it does for other projects.

3.27 PPPs afford an alternative procurement route for providing public services and are thus subject to the Executive's Procurement Policy and Principles. Consequently the CPD, in association with the SIB, PPIU and Departments, will include PPP activity in progress reports it makes to the Procurement Board.

3.28 The services which CPD will provide in relation to PPPs are varied and do not fall into a single business area. Consequently they will be provided as part of normal services by the various Divisions within the Directorate

Structure – Mandated Roles

3.29 Fig 1 shows the proposed structure required to deliver the mandated roles and responsibilities of the Directorate as set out in the Procurement Policy.

3.30 To resource this structure the existing operational units from Procurement Service consisting of some 80 posts would be re-deployed within the Supplies and Services Division and units from Construction Service consisting of some 120 posts re-deployed within Construction Division. Resourcing the

Policy and Support Division will mean re-deploying some 20 posts from Procurement Service and some 11 posts from Construction Service.

Fig 1



Chapter 4

Professional Services

- 4.1 A major role currently undertaken by Construction Service on behalf of the Department of Finance and Personnel is the provision of professional services to clients. This service has been highly valued by clients over the past 50 years both in terms of the value it delivers and also as a service provider of last resort.
- 4.2 This service is not part of the procurement service envisaged by the Procurement Review and can be, and often is, delivered by private sector firms. Having established that principle there is, however, considerable merit in such services continuing to be provided in-house and retaining the expertise within the public sector. This maintains a competitive benchmark, provides a flexible resource which can be reallocated quickly to meet changing priorities and fulfils the role of provider of last resort. The training and development of staff undertaking these services also provides for future intelligent customers and advisors to the public sector. Since the service is provided to clients across the public sector and the fact that the main receiver of the service is Office Accommodation Branch it is appropriate that this function remains within DFP. Given the close association that this area has with construction procurement, staff training and development and provision of client advisory staff it is proposed that it is delivered through a

discrete division within CPD recognising the fact that it is a supply side function which falls outside the remit of CPD. This Division would be formed from a re-organisation of the existing Maintenance and New Works sections in Construction Service (see Fig 2).

Property Management

4.3 Within the Division one business area will provide maintenance and property services through a complement of 120 posts in the disciplines necessary for the delivery of these services. Property Management provides a property management and maintenance service on approximately 1,500 buildings for 150 Public Sector clients which includes an emergency response facility with 24-hour availability.

4.4 Typical services provided within this remit include:-

- complete feasibility, design and costing service;
- space management studies including furniture / workstation layouts;
- detailed property surveys and condition reports;
- planned preventative maintenance service with detailed estimated forecasts;

- reactive maintenance and emergency response service;
- specialised surveys, including load bearing capability and compliance with statutory requirements;
- diagnosis of structural defects with cost effective solutions;
- advice on health and safety issues including risk assessment, accident reports and expert witnesses;
- management of internal environment and energy usage.

4.5 While it is proposed at 4.2 that this business area remains within CPD at present there is an emerging recommendation from the Accommodation Review that a professional property management function within ACD be developed. In time this business area should transfer to this new function however the modalities of such transfer are unclear at present as the outcome of the Accommodation Review is likely to have a considerable impact on ACD.

Design and Construct

4.6 The remaining two business areas will specialise in the delivery of new works and with complements of 97 and 76 posts respectively made up of separate disciplines each will

make its unique contribution to the provision of construction related services. Where necessary multi-disciplined teams will be assembled to provide a comprehensive service to clients. Typically these services will include the provision of feasibility studies, full design with costing, supervision of construction, commissioning and technical advice and will cover a wide range of specialist building, civil engineering and landscaping work.

Management of Professional Services

4.7 Given the extent of the resources to be managed, the complexity of the client base and projects to be undertaken this Division will be headed by a senior manager at level two in the CPD Structure.

Fig 2

Professional Services

Deputy Director

Head of Property Management	Head of Design and Construct 1	Head of Design and Construct 2
Design and Costing	Feasibility Studies	Feasibility Studies
Space Management	Design and Costing	Design and Costing
Property Surveys	Technical Advice	Technical Advice
Preventative Maintenance	Services:	Services:
Structural Diagnosis	Architectural	Surveying
Health and Safety	Surveying	Civil Engineering
Energy Management	Building Engineering	Structural Engineering
Emergency Response	Mechanical and Electrical Engineering	Geotechnical
Routine Maintenance	Project Management	Landscaping
		Project Management

Chapter 5

Non-Mandated Services

5.1 It is recognised that the creation of the Central Procurement Directorate and implementation of the recommendations of the Procurement Review together with responsibility for the development of policy will bring a sharper focus to public procurement than was the case when the Government Purchasing Agency and Construction Service provided solely executive functions in relation to procurement. This is also manifest in the mandate where the roles and responsibilities of the Directorate are specific to procurement. In this context the provider role within the Construction Service brief does not sit comfortably with the remit of the Directorate.

5.2 The functions discharged under the provider role are:-

Grounds Maintenance of Stormont Estate

5.3 The staff involved in this area of work provide comprehensive stewardship of the entire Stormont Estate which is recognised as a premier urban parkland facility. This is achieved by employing a combination of in-house resources and dedicated service contractors. As public usage of the Estate continues to grow, this group of staff provide the background support and an on-going development programme to ensure that the Estate is

retained as an ecological resource and recreational environment for future generations.

Supplies, Stores and Porterage

5.4 This group of staff provide Government Departments with their furnishing requirements, servicing day to day requests from the NICS office estate for refurbishment works, additional or replacement furniture, furnishings and storage equipment. They provide a centre of expertise for the specifying, assessing and monitoring of furniture and furnishings for a wide range of public sector clients. They also deal with requests for porterage and removal of surplus and obsolete furniture and arrange disposal auctions.

Building Regulations

5.5 This group of staff provide the professional and technical input to the operation and development of Building Regulations in Northern Ireland. The policy responsibility in this area of work which includes amendments to the Regulations rests with Accommodation and Construction Division (ACD).

Fire Safety and Inspection

5.6 The staff of Fire Section provide an advisory and monitoring service on all aspects of fire safety in relation to government buildings. This includes advice on the design of buildings to

protect life and minimise damage in the event of fire. Advice is also provided on fire safety procedures and the use of fire fighting equipment. This section maintain and issue the Fire Safety Manual on behalf of ACD and carry out building inspections in relation to the retention of Fire Certificates. Because of the critical linkages with work on Building Regulations, Fire Section is co-located under a single management structure with the staff responsible for Building Regulations.

Energy Conservation Branch

- 5.7 The Energy Conservation Branch (ECB) currently located in Construction Service provides a full buildings energy service to Government Departments in Northern Ireland. This entails surveys and implementation of energy saving works, monitoring and targeting of energy consumption and the management of internal environment and energy usage by way of a remote computerised Building Energy Management System (BEMS).
- 5.8 The Branch also gives assistance (including technical advice and benchmarking) to ACD in support of its administration of the Public Sector Energy Committee. .
- 5.9 The staff in the Branch has considerable experience and knowledge of the Northern Ireland energy market. They are mainly electrical and mechanical professional officers drawn from the Construction Service professional pool.

5.10 Services to the Northern Ireland Civil Service office estate (excluding specialised buildings) are for the most part provided by ACD whose remit includes accommodation related services and central services ranging from transport to security. While ACD is the primary service provider for the office estate much of its work is delivered, as described above, by staff currently located in CPD. There should be potential for improved effectiveness and efficiency through putting the management and control of these services within a single command.

5.11 It is proposed, therefore, that ACD takes full responsibility for the functions and staff associated with grounds maintenance of the Stormont Estate and the duties performed by Supplies Officers this to include responsibility for Stores and Porterage. The staff engaged on maintenance of the Stormont Estate and Supplies, Stores and Porterage have a complement of 43.

5.12 It is also proposed that Building Regulations staff, Fire Officers and ECB staff associated with the work of the PSEC be out-posted and co-located in ACD which would assume the day to day management of the functions while the provision of their professional training and career development and staff rotation would rest with CPD. The professional services remaining with CPD will, of course, be available to ACD.

5.13 The remainder of the work of ECB is essentially part of the Office Estate and should be located in the Property Management Sub-Division of Professional Services. The Branch will be a valuable service of information and advice to the Services and Supplies Procurement Division as it coordinates, monitors and improves energy procurement across the entire NICS.

Chapter 6

Other Issues

Sponsorship of the Construction Industry

6.1 Until April 1996 sponsorship of the construction industry rested with Works Service which was a joint admin/professional body within DOE. This role was retained by DOE Core when the professional side became an Agency (Construction Service). The main interface with the industry at that time was the Northern Ireland Construction Industry Advisory Council (NICIAC). The Minister chaired NICIAC, appointed members to represent the industry and determined the agenda. NICIAC last met in 1996 and was officially terminated in 1999 when the Construction Industry Forum for Northern Ireland (CIFNI) was formed.

6.2 The sponsorship role and responsibility for CIFNI transferred with Accommodation and Construction Division (ACD) from DOE to DFP as part of the transfer of functions associated with the introduction of devolution. The Secretariat of CIFNI is provided jointly by ACD and Construction Service with the majority of the papers being drafted by Construction Service staff who also provide the majority of the input to the Task Groups which CIFNI appoint to consider specific issues.

6.3 The public sector client representation to CIFNI comes from the Government Construction Client Group (GCCG) which

brings together representatives of Government bodies with an involvement in construction issues. Its membership includes contracting authorities such as Roads, Water and Health Estates as well as sponsoring and regulatory bodies such as DSD Housing Division, Planning Service and the Health and Safety Executive.

6.4 The administration arrangements for GCCG are the same as those for CIFNI.

6.5 The Terms of Reference for both CIFNI and GCCG include:

- promotion of best practice;
- promotion of efficiency and other initiatives;
- exchange of information;
- development of relationships and team working; and
- consultation on policy development.

6.6 There is considerable overlap between these roles and the roles and responsibilities which have been allocated to the Central Procurement Directorate. Indeed the contracting authority representatives on GCCG are also the construction members of the Procurement Practitioners Group (PPG).

- 6.7 While CIFNI is concerned with the whole industry in Northern Ireland the public sector accounts for 60% of construction activity and experience shows that improvements in performance are client lead.
- 6.8 Consequently, although CPD is focused on public sector procurement, the scale of this combined with its remit suggest that it would be appropriate for the Directorate to act as the Construction Industry Sponsor.
- 6.9 It is, therefore, proposed that responsibility for sponsorship of the construction industry transfers from ACD to CPD. The Director of CPD would lead on this role supported by the proposed Works Procurement Division.

Valuation and Lands Agency

- 6.10 The Valuation and Lands Agency (VLA) undertakes negotiations and procurement of accommodation on behalf of the Northern Ireland public sector. This area of procurement is very specialist requiring detailed understanding of the local office rental market and lease contracts. In addition it is an activity not covered by the Procurement Regulations.
- 6.11 The knowledge and experience required for this work is common to and derived from the other work of the Agency and to transfer it would cause operational difficulties. Consequently it is proposed that VLA continues to lead

procurement for public sector rented accommodation but that activity and performance on this is reported to the Procurement Board through CPD.

6.12 Since the mid 90s VLA has been responsible for the dissemination of literature from the Central Advisory Unit in Whitehall now under the umbrella of the Office of Government Commerce (OGC).

6.13 In building its relationship with OGC, CPD would wish to become the single point of contact for sharing and dissemination of information and guidance.

6.14 Consequently, it is proposed that all OGC literature should be redirected to the Director of the Central Procurement Directorate who would take responsibility for dissemination of the relevant information to the appropriate organisations within Northern Ireland.

Chapter 7

Proposed Structure for CPD

7.1 An outline structure for the Directorate which has been developed from the Workshop at the Burrendale and refined through a series of management meetings and consultations is shown as Fig 3. Under this structure the Director has overall responsibility for the Directorate and assumes the role of Procurement Advisor to the Executive, Head of Public Sector Procurement and Sponsor of the Construction Industry.

7.2 The Director is supported by four Deputy Directors at Grade 5 level each with an area of responsibility from:-

- **Supplies and Services Procurement and Advice;**

These business areas equate to those of the former Government Purchasing Agency.

- **Construction Procurement and Advice;**

These business areas equate to the areas of the Construction Service which are mandated in the Procurement Review.

- **Procurement Policy, Advice and Support;**

This policy area is new and will have responsibility for expediting the requirements of the Procurement Review. The support area is a combination of the Corporate Services from Procurement Service and Construction Service.

- **Professional Services**

These business areas equate to those areas of the Construction Service for which there are no clear mandates in the Procurement Review but which will remain in CPD for the foreseeable future.

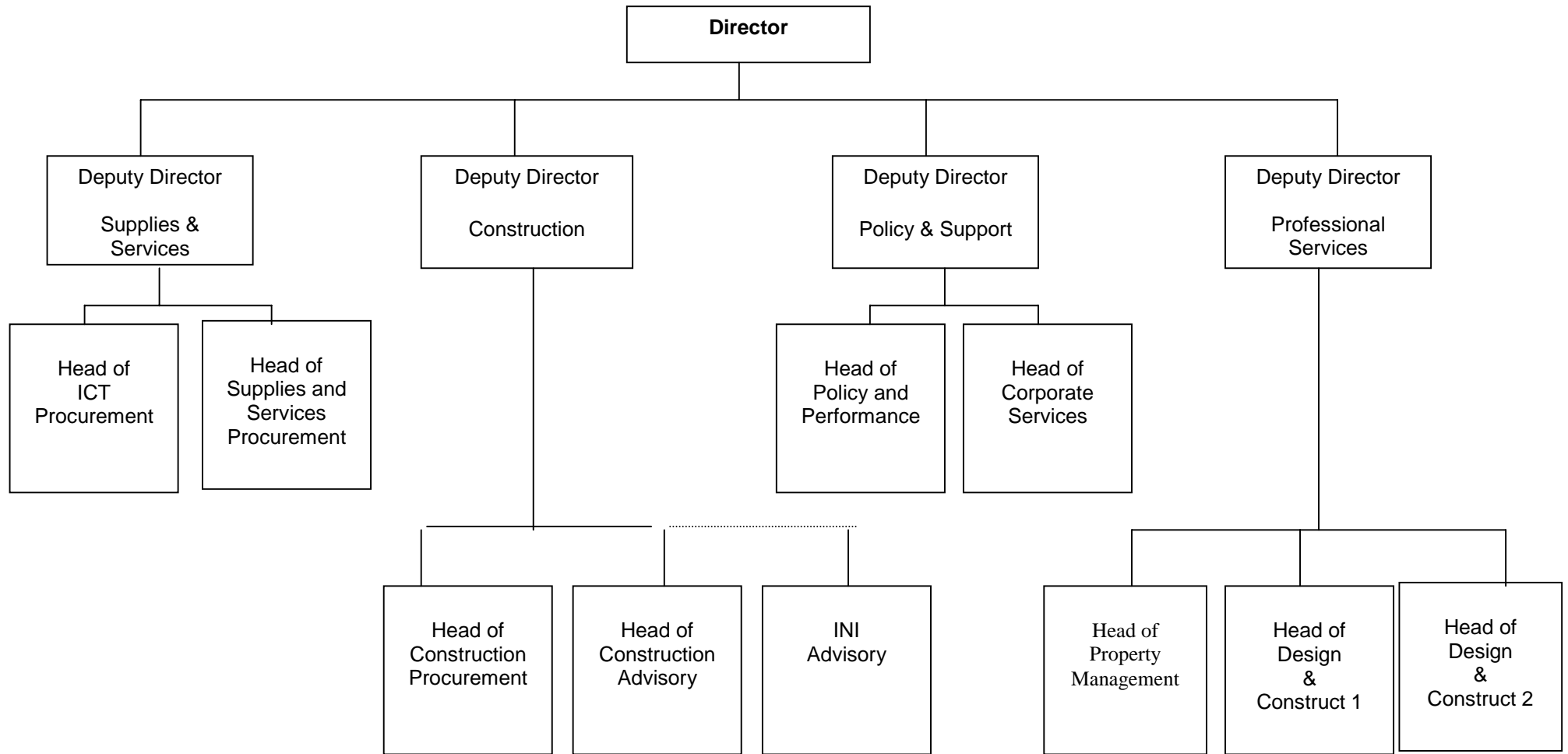
7.3 The Deputy Directors each have a number of Heads of Division at Grade 6 level representing the Directorate's business areas and functions. INI require and have a Construction Advisory Manager at Grade 6 level and provide funding for this post which is filled from CS personnel. The Deputy Director Construction has management responsibility for this post.

7.4 The post gradings suggested above are provisional and will be confirmed by the appropriate JESP or JEG analysis. Preparatory work for this is underway. In the case of the operational Divisions the level 2 and level 3 management posts will be filled by professionally qualified staff.

- 7.5 The proposed structure allows for the continuation and development of the services currently undertaken by Procurement Service and Construction Service but also puts in place resources to deliver the new work areas of policy development, management information and performance measurement.
- 7.6 The structure contains 15 senior management posts which is the same number which managed the two former agencies (see figs 4, 5, & 6).
- 7.7 It is worth noting, however, that at present the Directorate only has in post at substantive grading one Grade 3, one Grade 5 and five Grade 6s.
- 7.8 Of these the Grade 5 and one Grade 6 retire within the next year and another Grade 6 is being retired on medical grounds.
- 7.9 The appointment of a new senior management team will, therefore, be a major early task.

Fig 3

CENTRAL PROCUREMENT DIRECTORATE



Chapter 8

Funding and Accommodation Issues

8.1 The Directorate is currently funded as follows:-

Procurement Service	
	£m
DFP Baseline	1.7
This covers the administration of the Service, the provision of advice on procurement and related EU matters, the establishment of common good contracts for supplies and services and the provision of an e-procurement system. The figure is net of receipts which amount to c£100k and are generated through hard charging non-SLA customers.	
Technical Adjustments	1.0
This covers the provision of procurement services to the Northern Ireland Departments and Agencies as set out in the SLAs.	
Construction Service	
DFP Baseline	6
This Baseline figure represents expenditure of £18m offset by income of £12m and covers the full spectrum of services provided by Construction Service. The deficit between expenditure and income is to a large extent the cost of providing a comprehensive service to Accommodation and Construction Division for which a charge is not levied.	
Central Procurement Directorate Total	8.7

8.2 The proposal for alignment of Procurement Service and Construction Service into the Directorate identifies the following main business areas:-

- Information Communication Technology Procurement
- Supplies and Services Procurement
- Construction Procurement
- Construction Advisory
- Policy and Performance
- Corporate Services
- Professional Services

8.3 Subject to the recommendations of the working group on charging and the outcome of the proposals regarding the transfer of non-mandated responsibilities of the Directorate the proposal for future funding is as follows:-

Policy and Performance

8.4 The functions carried out by this business area are the direct responsibility of the Department and as such its costs should be funded from the Department's Baseline.

Corporate Services

- 8.5 This area will be treated as an overhead and its costs apportioned over the remaining business areas.

Professional Services

- 8.6 This business area provides a range of services for clients who benefit directly from these services. The cost of this business area should therefore be recovered from the clients as a cost against the clients' projects. In the case of intradepartmental services the charges will continue to be notional.

Supplies and Services Procurement

Construction Procurement and Advisory

- 8.7 These business areas are customer driven and as such their costs should be recovered directly from customers on a full cost recovery basis. In the case of intradepartmental services the charges will continue to be notional.

Information Communication Technology Services

- 8.8 This business area has two main functions:-
- a. the procurement of ICT systems and associated supplies and services; and

- b. providing advice and guidance on ICT procurement related matters and promoting IT-enabled business changes and cross-cutting initiatives on procurement across the public sector.

8.9 Function (a) is customer driven and as such its costs should be recovered directly from the customer on a full cost recovery basis. In the case of intradepartmental services the charges will continue to be notional.

8.10 Function (b) is the responsibility of the Department and as such its costs should be funded from the Department's Baseline.

8.11 While full implementation of the proposed structure within business areas will involve staff changes at all levels and will require adjustment of the activity recording systems to facilitate charging, its introduction should be resource neutral. Figs 4, 5 and 6 set out the senior management structures with costs of the Construction Service and the Government Purchasing Agency and the proposal for the Central Procurement Directorate. At 2002-2003 prices the proposed structure is resource neutral. As stated earlier the funding arrangements are subject to the outcome of the working group on charging and the final make up of the Directorate.

Fig 4

SENIOR MANAGEMENT STRUCTURES

Construction Service				Government Purchasing Agency	
Chief Executive Grade 4				Chief Executive Grade 3	
Director New Works Div Grade 5	Director Corporate Services Grade 6	Director Business and Tech Support Grade 6	Director Advisory and Maintenance Grade 5	Deputy CX Grade 5	Head of Purchasing Grade 6
3 Assistant Directors Grade 6			3 Assistant Directors Grade 6	Head of Finance and Administration Grade 7	4 Customer Service Managers Grade 7

Fig 5

CENTRAL PROCUREMENT DIRECTORATE

**DIRECTOR
GRADE 3**

Deputy Director Commodities Grade 5		Deputy Director Works Grade 5			Deputy Director Policy and Support Grade 5		Deputy Director Professional Services Grade 5
Head of ICT Grade 6	Head of Supplies and Services Grade 6	Head of Works Grade 6	INI Advisor Grade 6	Head of Advisory Grade 6	Head of Policy and Performance Grade 6	Head of Corporate Services Grade 6	3 Assistant Directors Grade 6

Fig 6

	Construction Service	GPA	CPD
GRADE 3	-	x1 = £84k	x1 = £84k
GRADE 4	x1 = £70k	-	-
GRADE 5	X2 = £124K	x1 = £62k	X4 = £248K
GRADE 6	X8 = £456K	x1 = £57k	x10 = £570k
GRADE 7	-	x1 = £52k	-
	11 : £650K	4 : £255K	
	15 : £905K		15 : £902K

Accommodation

8.12 The Directorate has a multi disciplinary staff of some 600 people currently accommodated on four main sites in Belfast – Churchill House, River House, Hydebank and Rosepark House – and has a number of staff who are outposted and co-located with client Departments. It is highly desirable that the Directorate is accommodated within a single building or complex within a reasonable commuting distance of clients and suppliers and within the Belfast metropolitan area but not within the city centre. With a high proportion of essential car users car parking is an issue as is the volume of traffic associated with the collection and delivery of tenders. This year the estimated number of competitions is around 500 with an average of 8 tenderers each. This requirement has been lodged with ACD although it is recognised that other

factors have to be addressed in the final analysis. These factors include the redevelopment of Victoria Square (Churchill House), the poor quality of accommodation and pressure for space in Rosepark House and Hydebank and the outcome of the Strategic Review of Accommodation.

Chapter 9

Implementation and Recommendation

Implementation Plan

- 9.1 The proposal if approved will be implemented:-
- a. in the case of the transfer of responsibilities by direction from the Permanent Secretary DFP within who's command the relevant Directorates sit;
 - b. in relation to the structure by open competition or trawl notice for the range of senior posts established; and
 - c. within business areas by the transfer of existing staff and the filling of any vacant posts.
- 9.2 While it is desirable to have the senior appointments made as soon as possible it is unlikely that recruitment will be completed before June 2003. Preliminary work has commenced on drawing up job descriptions in preparation for the JESP and JEGS procedure and with the relatively large number of posts to be filled consideration is being given to reducing the number of competitions to a minimum.
- 9.3 While the process of filling the top structure is underway further work to detail the organisational structures of the Directorate below level three will be undertaken.

Recommendation

9.4 The Departmental Board (DB) is recommended to agree to the following proposals:-

- a. that the structure as set out in Chapter 7 should be adopted for the Central Procurement Directorate;
- b. that the non-mandated services as set out in Chapter 5 should be transferred to Accommodation and Construction Division before 1 April 2003;
- c. that CPD's mandate should be extended to include responsibility for sponsorship of the Construction Industry;
- d. that the non-mandated functions related to Professional Services should remain with CPD at present and the situation reviewed before 31 March 2005;
- e. that CPD should be funded as set out in Chapter 8;
and
- f. that these proposals should be submitted to the Procurement Board with DB's recommendation for endorsement by that Board and implementation by CPD.

ROLES AND RESPONSIBILITIES OF CPD

The Roles and Responsibilities of CPD are to advise the Minister of Finance and Personnel on procurement matters and to support the work of the Procurement Board by:-

- i. developing and reviewing procurement policy proposals, in consultation with major stakeholders and Centres of Expertise, for endorsement by the Procurement Board and as appropriate, by the Executive;
- ii. disseminating agreed policies to the public sector and monitoring their implementation;
- iii. developing a common Strategic Procurement Framework;
- iv. operating and maintaining a generic procurement process model;
- v. developing management information on procurement expenditure;
- vi. collating/monitoring information on procurement performance across the public sector;
- vii. advising public sector procurers on the appropriate body to deal with high-value, strategically important

procurements, whether this be the CPB, an appropriate Centre of Expertise or others;

- viii. maintaining a central expertise on the use of PFI and PPP;
- ix. providing procurement services, under Service Level Agreements, to Departments, Agencies and NDPBs which request them;
- x. developing the existing process for strategic management of key suppliers and in particular developing a “lead buyer” framework/ network in collaboration with the Procurement Practitioners Group;
- xi. seeking out and promoting best practice in procurement from within the Procurement Practitioner Group or from the wider public sector, including promotion of necessary investment and taking account of particular constraints (for example, funding);
- xii. establishing and maintaining appropriate relationships with similar procurement organisations in England, Scotland, Wales and the Irish Republic, as well as Centres of Expertise and the private sector;
- xiii. supporting and encouraging Northern Ireland Departments, their Agencies and NDPBs to respond to

the challenges and deliver the benefits of modern procurement; and

- xiv. promoting appropriate research on public sector procurement issues, and accessing methods of organisational learning and professional training for the benefit of wider Northern Ireland public sector procurement performance.