



**NORTHERN IRELAND  
CONSTRUCTION INDUSTRY  
GROUP  
PROFESSIONAL COLLEGE**

**THE RESPONSE OF THE PROFESSIONAL  
COLLEGE OF THE CONSTRUCTION INDUSTRY  
GROUP FOR NORTHERN IRELAND  
TO  
THE NORTHERN IRELAND ASSEMBLY  
COMMITTEE FOR FINANCE AND PERSONNEL  
ON  
THE INQUIRY INTO PUBLIC PROCUREMENT  
POLICY AND PRACTICE IN NORTHERN IRELAND**

THE RESPONSE OF THE PROFESSIONAL COLLEGE OF THE CONSTRUCTION INDUSTRY GROUP FOR NORTHERN IRELAND TO THE NORTHERN IRELAND ASSEMBLY COMMITTEE FOR FINANCE AND PERSONNEL ON THE INQUIRY INTO PUBLIC PROCUREMENT POLICY AND PRACTICE IN NORTHERN IRELAND

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## EXECUTIVE SUMMARY

This paper has been submitted by the Professional College of the Construction Industry Group for Northern Ireland (CIGNI) representing the interests of Construction Industry Professionals in Northern Ireland.

The experience of Professional College members is that the tendering process is too detailed, too protracted, and too expensive; and is not uniform across government bodies.

The introduction of frameworks has had a detrimental effects on Northern Ireland based SMEs

- local suppliers are excluded in favour of larger companies with little interest in local firms
- large frameworks encourage all practices to submit an application, rather than apply for the projects that are appropriate for the size and capability of their firm
- large frameworks attract large out of region firms that may not otherwise be attracted to Northern Ireland
- the scale of the projects need to be considered

Social clauses should be used to encourage opportunities for SMEs to compete for places in the supply chain are difficult to implement within a framework as they are project specific.

DFP need to address

- recognition of the value of indigenous Northern Ireland professional consultants
- remove experience criteria that encourage consultants from overseas to apply
- consider what benefits the Northern Ireland economy as a whole
- procurement strategy to provide recurrent opportunities for enterprises of all sizes to bid for construction related public sector contracts
- reduce emphasis based on specific experience for projects that automatically preclude Northern Ireland based professional Practices

Recommendations be considered

- maximise the opportunities for local consultants
- avoid long term exclusion
- reduce the emphasis on lowest cost tendering
- reduce the protracted Planning process in Northern Ireland
- Procurement Strategies in Northern Ireland must have a *Northern Ireland Scale*
- provide more opportunities for local firms to tender
- review long term exclusive framework agreements as a method of procurement within the Northern Ireland market

1 CONSTRUCTION INDUSTRY GROUP FOR NORTHERN IRELAND (CIGNI) PROFESSIONAL COLLEGE

1.1 The Construction Industry Group for Northern Ireland (CIGNI) is a private sector body made up of 5 colleges namely, Professional Bodies; Contractors; Specialist Sub-Contractors; Suppliers and Clients. Its purpose is to ensure that the construction industry operates efficiently and effectively to meet the needs of the modern society that it serves and its aims to achieve this by promoting excellence in all aspects of the work of the industry.

1.2 Construction projects by their diverse nature bring together individuals that although they possess skills that are very different and distinct from one another, they all provide an essential and unique role in the development of a construction project. The "Rethinking Construction" initiative understood the importance of integration and teamwork of the various professions to the success of any construction project and sought to improve on this collaboration through the formation of the Professional College.

1.3 The Professional College consists of a number of highly respected Professional Institutions representing the interests of Construction Industry Professionals in Northern Ireland. There are 4 full members of the college, namely:

Association for Consultancy and Engineering

Royal Institution of Chartered Surveyors

Institution of Civil Engineers

Royal Society of Ulster Architects

and 8 other professional organisations that have become associate members.

1.4 The Professional College represents over 6,000 construction professionals, all of whom are based in Northern Ireland.

1.5 Professional College Representatives

Lynda Martin

Chair of the Professional College and Institution of Civil Engineers representative

Honorary Treasurer Institution of Civil Engineers NI Region

Engineering Principal Doran Consulting

Primarily responsible for projects within the Water Industry

John Findlay

Vice Chair of the Professional College and Royal Institution of Chartered Surveyors representative

Regional Director of Faithful+Gould, Project Management and Cost Consultants, (part of the WS Atkins Group).

Current, local, work portfolio covers most sectors of the Construction Industry - Private & Social Housing, Banking Sector, Rail, Water, Roads, Education, Health, Environmental, Regeneration, etc

George Coulter

Secretary and Treasurer of the Construction Industry Group and the Association for Consultancy and Engineering representative of the Professional College

Member of the Construction Industry Forum

Member of the Procurement Task Group

Chairman of the Northern Ireland Constructionline Advisory Committee

Managing Director of Gilligan & Partners, Consulting Civil and Structural Engineers

## 2 EXPERIENCE OF SMES AND SEES IN TENDERING FOR AND DELIVERING PUBLIC CONTRACTS

### 2.1 Introduction

2.1.1 It has been the experience of the members of the Professional College that in general:-

- There are not enough tendering opportunities and frameworks of four years or more lock too many SME's out of the procurement system for too long.
- The tendering process is too detailed, too protracted, and too expensive.
- The tendering process is not uniform across government bodies.

2.1.2 The following section will expand on these three statements.

### 2.2 Use of Frameworks in Northern Ireland

2.2.1 A framework is essentially a means of procuring products and services over a period of time for a number of projects or schemes. It is an agreement with suppliers that establishes the terms, usually with regard to price and quantity, that will govern contracts to be awarded during a given period of time, and sets out terms and conditions under which specific call-offs can be made throughout the term of the framework agreement. It is important to note that the actual work required has not always been defined at the time of tender. Frameworks are therefore particularly useful for work or supplies which are similar or repetitive in nature and which can be easily defined and priced at tender stage. It has long been argued in some quarters that each construction project is unique, and occasionally complex, that they are not ideally suited to generic framework arrangements.

2.2.2 Framework agreements are being introduced to Northern Ireland by government departments whereby suppliers apply to be included on a list from which call-offs can be made for a period of 4 or 5 years. This can cover the provision of design services or of construction services or of combined design and build services.

2.2.3 Framework agreements are claimed to be a method of implementing the principles of "Rethinking Construction" and it was hoped that they would improve productivity; reduce transaction costs; encourage continuous improvement within long-term relationships between the supplier and the client; ensure better value; and sustain the local supply chain.

2.2.4 One effect of a framework agreement is the opportunity to award contracts without the need to re-advertise and re-apply the selection and award criteria. This can speed up delivery, once the framework is in place, and lead to all substantial savings for the procuring authority. This alone can lead to all parties saving the substantial time and cost of repeat bidding though often this is offset by second stage tendering between the framework members and the framework tendering process is so complex and unwieldy that it is uncertain if there is any saving to tenderers even if they only have to tender once every 4 years.

- 2.2.5 It is important to note that ALL professional consultancies which are Northern Ireland based are SME's and play an important and reliable role in the Northern Ireland economy due to their long term commitment to the Province.
- 2.2.6 However, the scale of the framework arrangements has serious implications for the local supply chain as these much larger contracts, by their nature, tend to favour larger companies. The long duration of these frameworks is a genuine concern to all SMEs in Northern Ireland as losing one tender can exclude a business from that source of work for up to 4 years. In an area the size of Northern Ireland, with a population smaller than Greater Manchester, this can be fatal to SME's who cannot easily go across the water to compete for different work.
- 2.2.7 However, the implications for the local supply chain can be adverse if local suppliers are excluded in favour of larger companies with little interest in local firms. This is a genuine concern of many SMEs in Northern Ireland.
- 2.2.8 Frameworks are supposed to be a method of providing a "Sustainable Local Supply Chain" however the Northern Ireland experience has been the reverse of this and Frameworks have been found to be detrimental to Northern Ireland based construction firms for the following reasons:
- 2.2.9 Frameworks tend to cover all sizes of work and overall each framework has considerable amounts of work leading to all practices having to apply for the framework for fear of exclusion and most are then unsuccessful.
- 2.2.10 Long term frameworks attract large out of region firms that may not otherwise be attracted to Northern Ireland thus increasing the number applying for inclusion on the framework group to the detriment of Northern Ireland firms.
- 2.2.11 Frameworks are not a 'one size fits all' solution. The scale of the projects needs to be considered and what may be an acceptable solution for one UK region is not necessarily transferable to another. Just because a particular method of procurement works well in England and improves construction projects does not necessarily mean that it should be implemented in Northern Ireland where the culture within the construction industry was historically less confrontational.
- 2.2.12 Single project or bundle procurement does not prevent the use of integrated construction teams. In a region as geographically compact as Northern Ireland, construction teams do not need to be in frameworks to develop long term client relationships.
- 2.2.13 When tenders are procured on a single project basis professional practices apply for the projects that are appropriate for the size and capability of their firm.

## 2.3 Tendering Process

2.3.1 The experience of our members has been that the tendering process is too detailed, too protracted, and too expensive. The quantity of information required to be submitted for even small projects is excessive. The amount of input required from SMEs is excessive and is adding an unnecessary burden to the construction professionals in Northern Ireland. The success or otherwise of a firm can be more attributed to the literary skills of the author of the submission document as opposed to the construction skills of the professionals required to successfully undertake the job.

## 2.4 Inconsistent Tendering Process

2.4.1 The experience of our members has been that the tendering process is not uniform across government bodies. The format of the documents and the detail of the information required vary considerably between government departments and from project to project. This further adds to the effort required to prepare a submission.

### 3 NATURE, EXTENT AND APPLICATION OF SOCIAL CLAUSES WITHIN PUBLIC CONTRACTS

#### 3.1 Introduction

##### 3.1.1 The members of the Professional College noted that in general:-

- The application of social clauses has limited applicability to professional appointments.
- Social clauses are difficult to implement within a framework as they are project specific.

#### 3.2 Implementation of Social Clauses in Construction

3.2.1 This is a relatively new concept that has considerable merits in the Northern Ireland context; however, as yet there is little experience upon which to make meaningful comment.

3.2.2 The nature of the clauses in public procurement contracts that could relate to wider social, economic and environmental issues are likely to include:

- improving environmental performance
- encouraging sustainable development
- creating employment and training opportunities through promotion of apprenticeships
- encouraging opportunities for SMEs to compete for places in the supply chain

3.2.3 The last item in the above list of particular interest. The inclusion of a social clause that aspires to promote opportunities for SMEs in Northern Ireland would be of enormous benefit and may help redress the balance between local companies and large multinational firms. If the level of adherence to such a clause can be included as part of the qualitative assessment for inclusion on a tender list, then additional value can be added to the Northern Ireland economy.

## 4 ISSUES TO BE ADDRESSED BY DEPARTMENT FINANCE PERSONNEL (DFP)

### 4.1 Introduction

#### 4.1.1 The members of the Professional College identified the following issues to be addressed by DFP:

- Local professional consultants who are not included in long term frameworks are unable to gain the necessary experience to compete for future frameworks.
- Experience criteria are set so as to encourage consultants from overseas to be included, and consequently, the design work for Northern Ireland projects is undertaken outside of Northern Ireland and thus reduces the number of quality jobs and skill base within NI and the resulting revenue is removed from the Northern Ireland economy.

#### 4.1.2 These two issues should be addressed by DFP as discussed in the following paragraphs.

4.2 Government needs to recognise the value of indigenous Northern Ireland firms ie firms with their head office in Northern Ireland. Too much of the government work in Northern Ireland is procured through large frameworks that attract large outside companies causing Northern Ireland companies to miss out.

4.3 Civil Service will say that it is uneconomical to tender all jobs individually and to comply with the EU Procurement Directive, however, what works best for a government department may not benefit the Northern Ireland economy as a whole. There is a short term monetary gain for the civil service leading to a long term loss for Northern Ireland.

4.4 Small bundles of projects work well for Northern Ireland and this has been agreed in principle by the Construction Industry Forum for Northern Ireland (CIFNI), whose Procurement Task Group Report recommended that "Procurement and contract strategies be structured in a way that provides recurrent opportunities for enterprises of all sizes to bid for construction related public sector contracts". This would involve Government Construction Clients procuring construction works and services, using one or more of the following contract strategies:

- on an individual project basis
- as a bundle of projects to be completed as part of a single contract
- as a bundle of projects to be completed as part of a single-provider framework agreement
- through a multi-provider framework agreement for projects of a dissimilar nature
- as part of a term contract for minor works or maintenance projects

- 4.5 There is too much emphasis based on specific experience for projects that automatically precludes Northern Ireland based professional Practices. The current system freezes firms in their current position and does not allow opportunity to expand and grow.
- 4.6 Our construction professionals are amongst the best trained in the world and as such are much sought after by firms abroad. They are trained in the art of problem solving and are highly adaptable professionals. The current emphasis that is place on a particular type of experience for particular projects increases the likelihood of a non Northern Ireland based firm being chosen for a construction project that is by nature new to Northern Ireland or if a project of a similar nature has not been constructed in Northern Ireland within the past 5 years.
- 4.7 The experience of procurement of construction projects in the Republic of Ireland and its effect on the indigenous firms appears to be very different with may local construction companies given the opportunity to grow and develop on local projects rather than being excluded by frameworks which favour larger firms.

5 RECOMMENDATIONS FOR IMPROVEMENTS TO PUBLIC PROCUREMENT POLICIES AND PROCESSES, TO INCREASE ACCESS TO OPPORTUNITIES FOR SMES AND SEES AND MAXIMISING THE ECONOMIC AND SOCIAL BENEFITS FOR THE LOCAL COMMUNITY

5.1 The members of the Professional College would request that the following recommendations be considered.

- Maximise the opportunities for local consultants by increasing the number of professional consultants on frameworks.
- Consideration should be given to separate minor works frameworks.
- Minimise the risk of legal challenge by increasing the number of opportunities for local professional consultancies.
- Avoid long term exclusion.
- Consideration should also be given to quality versus fees to reduce the emphasis on lowest cost tendering.
- Consideration should be given to reducing the protracted Planning process in Northern Ireland as this adversely impacts on the delivering public contracts.
- Consider scale of turnover as selection criteria to be appropriate to local market. Future Procurement Strategies in Northern Ireland must have a *Northern Ireland Scale* and provide more opportunities for Local firms to tender.
- The use of long term exclusive framework agreements as a method of procurement within the NI market should be reviewed.

5.2 A Procurement Task Group was constituted at the request of the Minister for Finance and Personnel. The group has produced a report on procurement that the Professional College would commend to the committee for consideration as it contains some useful principals.