

**PROCUREMENT STRATEGY
FOR
CONSTRUCTION
WORKS AND SERVICES**

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FOREWORD

Construction Division, within Central Procurement Directorate (CPD), exists to maximise the benefits of effective construction related procurement. Its role is to assist clients to obtain best value for money from their procurement and ultimately contribute to the delivery of better public services.

Construction Division:-

- helps NI Departments deliver their objectives through obtaining best value for money in all types of procurement; and
- provides expert advice and professional services throughout the procurement lifecycle; and
- works in partnership with industry representatives to ensure suppliers are aware of the opportunities available in the public sector market; and
- works with all its stakeholders to promote equality of opportunity and sustainable development in the delivery of public procurement contracts.

Construction Division provides its clients with professional advisory and project management services in line with Northern Public Procurement Policy. In all work undertaken, Construction Division promotes excellence and best practice. Construction Division'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.

Construction Division 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 Construction Division'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 Construction Division's staff in helping the public sector deliver better public services.



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INTRODUCTION TO CPD

1.1 MISSION

Construction Division'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; and
- promote best value for money procurement; and
- provide Departments with specialist expertise on construction matters; and
- lead on implementing best practice in:-
 - relation to construction procurement; and
 - helping Departments demonstrate accountability and openness in the way they do business.

1.2 VALUES

As a part of Central Procurement Directorate, Construction Division fully subscribes to the values which the Department of Finance 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 Public 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 CPD has a formal complaints procedure which can be followed in such cases.

Full details of the complaints procedure are set out within the procurement documentation accompanying each competition.



BACKGROUND TO THE PROCUREMENT STRATEGY

The Investment Strategy for Northern Ireland (ISNI) sets out Government's strategic plans for investment across the public sector. 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's (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 Construction Division's clients to deliver ISNI¹. 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 Construction Division procures construction projects. It is aimed at continuing to improve public sector performance as a construction client and delivering best value for money through an integrated approach between Construction Division, 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 The Department of Finance website:

[Achieving Excellence](#)

PROCUREMENT POLICY

1.4 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 then 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 on Northern Ireland's Public Procurement Policy can be obtained from CPD's website at the following address:

[NI Public Procurement policy](#)

1.5 CONSTRUCTION DIVISION'S TWELVE GUIDING PRINCIPLES

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

¹ This procurement strategy will also apply to other Contracting Authorities' projects outside of ISNI.



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 to discharge his responsibilities on issues of procurement risk and expenditure.

1.6 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:

[Code of Practice for Government Construction Clients and their Supply Chains](#)



POLICY FRAMEWORK FOR CONSTRUCTION PROCUREMENT

1.7 GENERAL

The key aspects of Northern Ireland Public Procurement Policy that are particular to construction works and services are set out in Procurement Guidance Note 06/10: *'Procurement of Construction Works and Services'* which is available from CPD's website:

[Procurement Guidance Note 06/10](#)

This Guidance Note is aimed at providing Departments and Centres of Procurement Expertise (CoPEs) with best practice guidance which will help ensure that best value for money construction projects are delivered.

The *'Policy Framework for Construction Procurement'* has been refreshed and integrated within this Guidance Note to provide a reference to the key aspects of procurement policy specifically relating to construction works and services.

1.8 ACHIEVING EXCELLENCE

1.8.1 GENERAL

The *'Achieving Excellence'* in construction initiative was endorsed by the Executive Committee of the Assembly.

The objective of the initiative is to make the public sector construction client a best practice client when procuring construction works and services. The initiative aims to improve the management techniques adopted by clients, measure key aspects of performance, develop an integrated culture within project teams and achieve maximum benefits from standardisation and new technologies.

Through the initiative, clients commit to maximise, by continuous improvement, the efficiency, effectiveness and value for money of their procurement of construction works. Key aspects include the use of partnering and the development of long-term relationships, the reduction of financial and decision-making approval chains, improved skills development and empowerment, the adoption of performance measurement indicators and the use of tools such as value and risk management and whole life costing.

1.8.2 PROCUREMENT & CONTRACT STRATEGIES

In accordance with *'Achieving Excellence'*, 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.



VALUE FOR MONEY

The prime objective of Northern Ireland Public Procurement Policy is to achieve best value for money (VFM). VFM is the most advantageous combination of cost, quality and sustainability to meet customer requirements. 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.



LEGALITY

1.9 PUBLIC CONTRACTS REGULATIONS

The primary function of EU procurement law is to open up public procurement to competition and to ensure the free movement of goods and services within the EU. The EU Public Procurement Directives are implemented in the UK as Regulations and reflect government's policy that public sector purchasing decisions should be based on value for money achieved through competition.

The Regulations implementing the Directives place a responsibility on Contracting Authorities to advertise certain types of contract, above pre-determined values, in the Official Journal European Union and thereafter deal with the tendering and award of such contracts using a pre-determined set of procedures and practices.

The Public Contract Regulations can be downloaded from the following website:

[Public Contracts Regulations](#)



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.

1.10 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 Construction Division 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.

1.11 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:

[Architecture and the Built Environment](#)



PROCUREMENT AND CONTRACT STRATEGIES

1.12 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.

1.13 DEFINITIONS

1.13.1 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.

1.13.2 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.

1.13.3 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.

1.14 RECOMMENDED PROCUREMENT ROUTE FOR MAINTENANCE AND MINOR WORKS CONTRACTS UNDER £400K

Construction Division will normally use Framework Agreements to deliver minor works up to £400K unless it can be clearly demonstrated that a stand alone competition using the simplified procurement procedures will provide better value for money.

Construction Division has two main sets of framework agreements for the delivery of construction works.

1.14.1 PAN GOVERNMENT PROPERTY MANAGEMENT FRAMEWORK AGREEMENTS

The Property Management framework agreements are based on the NEC3 form of contract and provide for:-

- Planned preventative Maintenance
- Reactive Maintenance
- Minor Works



The framework covers approximately 2000 properties across a range of public bodies in Northern Ireland. Two frameworks cover the Northern and Southern Areas.

1.14.2 PAN GOVERNMENT CIVIL ENGINEERING FRAMEWORK AGREEMENTS

The Pan Government Civil engineering Framework Agreements are based on the NEC3 form of contract and provide for minor civil engineering works, including:-

- construction of roads, footways and car parks
- fencing and gates
- drainage
- concrete works
- site clearance and demolition
- marine work

Two frameworks cover the Northern and Southern Areas.

1.15 RECOMMENDED PROCUREMENT ROUTES FOR WORKS CONTRACTS OVER £400K

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.

1.15.1 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.

1.15.2 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 (IST) 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.

1.15.3 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.

1.16 RECOMMENDED PROCUREMENT ROUTES FOR SERVICES CONTRACTS

1.16.1 FRAMEWORK AGREEMENT

To support its in-house resources, Construction Division utilises an Integrated Consultant Team (ICT) Framework Agreement.

The ICT Framework Agreement provides:

- Project Management;
- Cost Management; and
- full multidisciplinary design team services.

The Framework Agreement currently includes 7 ICTs of architects, engineers, project managers, cost managers and their supply chains. ICTs will typically be appointed to take forward projects from the client's initial statement of requirements through to an exemplar design developed to at least RIBA Stage 3. 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.

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

ICTs 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 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 are appointed to the ICT Framework Agreement based on a quality/ price competition and work packages are allocated to the ICTs following a secondary competition between the ICTs appointed to the Framework Agreement.

Construction Division appoints 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.

1.16.2 STANDALONE COMPETITIONS

Whilst the ICT Framework Agreement will normally be used, ICTs for large or specialist projects may be procured outside the Framework Agreement. Procurement outside the Framework Agreement may also be used to compare VFM and performance with services delivered through the Framework Agreement and to maintain competitive tension within the Framework Agreement.

1.16.3 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 to select a fully multidiscipline ICT 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 design competition will not be considered in isolation from the overall procurement strategy for a project. The decision to appoint the design team by separate competition will 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.



CONTRACT STRATEGY OVERVIEW

1.17 DESIGN DEVELOPMENT

Where projects are funded directly by Departments, or their arms length bodies, Construction Division will normally develop an exemplar design to at least RIBA Stage 3 before appointing a design and built team to undertake the detailed design and construction.

The decision as to the extent of preliminary design to be completed by Construction Division prior to the appointment of an Integrated Supply Team (IST) will be determined by the nature and complexity of the each project. For routine projects the IST may be appointed at RIBA stage 3. For complex projects or due to other external factors the design may be developed by the Construction Division to RIBA Stage 4.

As part of the design development process Construction Division's Architects, Engineers, Quantity Surveyors and Project Managers will provide the following services.

Appraisal and development of design brief

- Identify Project Objectives, the preliminary budget to inform the client's business case, sustainability objectives and other parameters or constraints.
- Develop the Initial Project Brief.
- Prepare feasibility studies and an assessment of options to enable the client to decide how to proceed.
- Determine client's risk profile and agree the project programme and preliminary procurement strategy.
- Assemble project team, agree scope of service and design responsibilities for each participant.

Concept design

- Prepare concept design including outline proposals for structural design, services systems, site landscape, outline specifications and preliminary cost plan along with environmental, energy, ecology, access or other project strategies.
- Agree developments to initial project brief and issue final project brief.
- Review Procurement Strategy, finalise design responsibility including extent of performance specified design
- Prepare construction strategy including review of off-site fabrication, site logistics and H&S aspects.



Design Development

- Prepare developed design including co-ordinated and updated proposals for structural design, services systems, site landscape, outline specifications, cost plan and project strategies in sufficient detail to allow development and integration by Integrated Supply Team.
- Prepare and submit planning application
- Review construction strategy including H&S aspects.

To support its in-house resources, Construction Division will utilise the Integrated Consultant Team (ICT) Framework Agreement.

1.17.1 GRANT FUNDED PROJECTS

Construction Division also provides Government Departments, Agencies and their arms length bodies, which grant fund projects, with advice in relation to the grant recipient's procurement process. Construction Division does not provide grant recipients with services directly and therefore an ICT will be appointed by the grant recipient to take the project forward.

1.18 DETAILED DESIGN AND CONSTRUCTION

Construction Division 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.

Design and Build contracts 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.

Construction Division will seek 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 an IST, potential ISTs will need to demonstrate good supply chain management practices. In particular, the relationship between the contractor and designers will be very important.

Pricing will either be based on a lump sum or a target cost. 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.



ISTs will be required to support Construction Division 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.

A firm may not be invited to bid for any further projects where it failed to deliver satisfactory performance.

1.19 MARKET SECTOR

Construction Division clients typically procure 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

1.20 FORM OF CONTRACT

Construction Division will use the NEC3 suite of standard forms of contract for public sector construction procurement in NI.

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.

1.21 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 Construction Division will be promoting Alternative Dispute Resolution processes.



SELECTING CONSULTANTS AND CONTRACTORS

1.22 OBJECTIVES

It is vital that the best contractors and consultants (hereafter referred to as suppliers) are appointed either as part of a framework agreement 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 the selection process:

- That Construction Division 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 Construction Division's clients and to achieve continual improvement.

1.23 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 the portal [eTendersNI](#)

Normally competitions will follow the 'restricted' procedure. Suppliers will initially qualify by demonstrating that they meet minimum requirements. Construction Division will then undertake a transparent and auditable evaluation of the submissions.

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, Construction Division will not unfairly disadvantage SMEs.

A variety of tender evaluation techniques appropriate to the scale and complexity of the contract 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, where applicable, in the OJEU.



1.24 SELECTION CRITERIA

The 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/ contracts 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

1.24.1 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.

1.24.2 PEOPLE POLICIES

Construction Division 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 work.

1.24.3 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. Construction Division will look for evidence of good practice. The relationship between contractors and their designers will be particularly important. Construction Division will require arrangements that incentivise the development of best value solutions and not solutions that are simply the cheapest to design.



1.24.4 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.

1.24.5 PARTNERING CULTURE

Construction Division 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.

1.24.6 HEALTH AND SAFETY

Contractors, consultants (and their supply chains) seeking to tender for public sector works contracts must be able to satisfy the Government Construction Client that they have the resources and competence to manage health and safety.

The aim of the Buildsafe-NI initiative is to eliminate deaths and substantially reduce injuries, through improvements in the application and management of health and safety processes within the industry.

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:-

- ❑ That they and their first tier subcontractors have third party health and safety certificates
- ❑ 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. Construction Division will discharge its obligations in this respect by monitoring supplier performance against their health and safety management systems and site inspection programmes.

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:

[Procurement Guide 10- Health and Safety](#)



All contracts will include a section on health and safety as part of the evaluation process. The rigorous assessment of potential suppliers shall recognise the importance of documented health and safety management systems as part of the pre-award assessment and post-award audit process.

Construction Division 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 Construction Division'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

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.

1.24.7 INTEGRATION OF WIDER ENVIRONMENTAL, SOCIAL AND ECONOMIC POLICIES

The Sustainable Development Strategy for NI 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. Construction Division recognises that the Sustainable Development Strategy for NI represents an excellent opportunity for construction procurement to play its part in delivering sustainable infrastructure.



The integration of Social Considerations into Contracts was endorsed by the Procurement Board with effect from 8th November 2013 for use by those bodies subject to NIPPP. Following the Procurement Board adopting Buy Social as the model for the delivery of social clauses in construction contracts from April 2016 further revisions were made to NIPPP to better reflect Buy Social requirements.

Buy Social

All works contracts procured by Construction Division will include provisions to deliver the Buy Social requirements.

In line with the Sustainable Development Strategy for NI Construction Division 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.

1.24.8 ENVIRONMENTAL MANAGEMENT SYSTEM

An EMS is the part of an organisation's overall management system that relates to the development, implementation, achievement, review and maintenance of the organisation's environmental policy. An EMS and its associated standards help an organisation:

- to minimise how its operations affect the environment;
- to comply with applicable laws and regulations; and
- to continually improve in relation to each of the above.

Environmental Management System

All construction works contracts procured by Construction Division will include a requirement that all main contractors seeking to tender shall have and maintain an Environmental Management System (EMS) certified by a third party.

1.24.9 PRICE, COST MANAGEMENT AND CONTROL

Construction Division 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 for an ICT and cost of the works, overheads and profit as appropriate for an IST.

Construction Division will assess the attitude and ability of suppliers to manage risks, remove waste, improve efficiency and to control costs. Construction Division 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.

Construction Division 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 projects.

Construction Division's clients are committed to prompt payment which aims to ensure payment of invoices within 10 days. Construction Division will require its main suppliers to treat the supply chain in the same way and performance monitoring in this respect will be carried out.

1.25 TENDER REQUIREMENTS FOR PROCUREMENT UNDER EU THRESHOLD

1.25.1 INTERGATED SUPPLY TEAMS

Integrated Supply Teams (IST) wishing to apply to be short-listed for invitation to tender will need to have the following requirements in place before the closing date for the competition:-

- Be registered with [Constructionline](#), have 'Active' status and have at least the minimum Category Value specified for the procurement;
- Have a health and safety management system, satisfying the requirements of the [Buildsafe-NI Initiative](#), and which has been certified by one of the 3rd parties listed on [CPD's Website](#); and
- Have a health and safety competence assessment certificate issued by an organisation that is a scheme member of the Safety Schemes in Procurement ([SSIP](#)) Forum.
- Have and maintain an Environmental Management System (EMS) certified by a [third party](#)

1.25.2 INTEGRATED CONSULTANT TEAMS

Integrated Consultant Teams wishing to apply to be short-listed for invitation to tender will need to have the following requirements in place before the closing date for the competition:-

- Be registered with [Constructionline](#), have 'Active' status and have at least the minimum Category Value specified for the procurement or submit an addendum for assessment by Constructionline; and
- Have a health and safety competence assessment certificate issued by an organisation that is a scheme member of the Safety Schemes in



Procurement ([SSIP](#)) Forum or submit an addendum for assessment by Construction Division.

1.26 TENDER REQUIREMENTS FOR PROCUREMENTS ABOVE EU THRESHOLD

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- Have a health and safety competence assessment certificate issued by an organisation that is a scheme member of the Safety Schemes in Procurement ([SSIP](#)) Forum or submit an addendum for assessment by Construction Division.
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- Have a health and safety competence assessment certificate issued by an organisation that is a scheme member of the Safety Schemes in Procurement ([SSIP](#)) Forum or submit an addendum for assessment by Construction Division.



1.27 MINIMISATION OF TENDERING COSTS ON INDUSTRY

Construction Division 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.

In the case of more complex procurements, 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.

1.28 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.

1.29 SMALL AND MEDIUM SIZE FIRMS

It will be important to ensure that there are adequate resources available to deliver Construction Division's client's programme of work.

Construction Division 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*'.

1.30 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.

Where a supplier's performance is considered by Construction Division to be unsatisfactory then the supplier may be issued with a 'First Written Warning of Unsatisfactory Performance' which will define a timescale within which improvements to the Contractors performance must be made. If the Contract Manager assesses that the contractors performance has not improved sufficiently, then a *Notice of Unsatisfactory Performance* may be issued and in addition the contract may be terminated. The issue of a *Notice of Unsatisfactory Performance*



may result in the supplier being excluded from all procurement competitions being undertaken by Centres of Procurement Expertise on behalf of bodies covered by the Northern Ireland Public Procurement Policy on the grounds of grave misconduct in the course of the business or profession of the supplier for a period of 3 years from the date of issue of the notice.



FURTHER INFORMATION AND UPDATES

1.31 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 Division
Contracts & Standards Branch
Clare House
303 Airport Road West
Belfast BT3 9ED**

1.32 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 and will be reviewed annually.

DOCUMENT HISTORY

Version	Date	Comment
Version 2.0	April 2013	
Version 3.0	Jan 2017	

