

# RESPONSE OF THE OFMDFM COMMITTEE TO THE FINANCE AND PERSONNEL COMMITTEE'S INQUIRY INTO PUBLIC PROCUREMENT PRACTICE

## INTRODUCTION

1. The Committee for the Office of the First Minister and deputy First Minister welcomes the inquiry into Public Procurement Practice initiated by the Committee for Finance and Personnel.
2. Having regard to the terms of reference of this inquiry, the OFMDFM Committee commissioned initial advice from Assembly Research and Library Service on the application of social clauses within public contracts.
3. A social clause is a requirement within a procurement contract or process which stipulates that the contract should provide added social value.
4. The Executive has committed to using Government procurement to further its social objectives in the Programme for Government.

## THE ROLE OF OFMDFM

5. The Committee is aware that social clauses in public procurement could have a particularly positive impact at this time of global economic downturn.
6. The Committee noted that as the Department with responsibility for monitoring the Programme for Government and for the Strategic Investment Board, OFMDFM is in a position to influence procurement policy.
7. The Committee urges OFMDFM in the strongest of terms to build on existing best practice and develop expertise in employing social clauses in procurement.
8. The research commissioned by the Committee highlights cultural and technical difficulties experienced by procurement professionals in analysing and evaluating the wider social policy aspects of procurement exercises.
9. The Committee considers that the Department has a key role in overcoming such barriers.
10. The Committee further commissioned research to identify approaches in overcoming technical challenges and to highlight examples of successful use of social clauses.

11. The Committee is in no doubt that these best practice approaches and examples can be built on to achieve crucial social outcomes on agreed Government projects.
12. For instance, training, apprenticeship and employment imperatives in capital procurement exercises could maintain capacity in the construction industry and address fundamental problems such as growing unemployment in recession.
13. The Committee wishes to flag up in particular the Northern Ireland Unemployment Pilot Scheme, which promoted the employment of the “unemployed” in large construction contracts.
14. The benefits of this pilot were found to outweigh the costs on evaluation by CPD and the University of Ulster.

## CONCLUSION

15. The Committee was emphatically in favour of raising the social value of every pound spent from the public purse, ie the ratio of investment to the value of the social outcome (social return on investment).
16. The Committee agreed that OFMDFM and the Strategic Investment Board were responsible for driving cultural change in procurement and prioritising social return on investment in Programme for Government targets.
17. For completeness, the Committee refers CFP and OFMDFM to this research.