



Department of  
**Finance**  
An Roinn  
**Airgeadais**  
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## **Procurement Policy Note**

**PPN 03/21**

# **Supply Chain Resilience**

Issued: 22 November 2021

## PROCUREMENT POLICY NOTES

[Northern Ireland Public Procurement Policy \(NIPPP\)](#) is approved by the Northern Ireland Executive and is mandatory for central government Departments, Non-Departmental Public Bodies and Public Corporations.

Procurement Policy Notes (PPNs) set out the Executive's policy.

If a Department wishes to opt out of this policy it must attain Ministerial approval.

### Revision History

First issued

22 November 2021

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### **Definition of Terminology**

In the preparation of this policy, the term **contractor/supplier** has been used to denote an organisation that contracts directly with a Department, whether it is a supplier, a service provider or a construction contractor.

The term **Department** has been used to refer to those bodies subject to Northern Ireland Public Procurement Policy including Departments, Non-Departmental Public Bodies and Public Corporations. A full list of such bodies is available in Annex A of the [Northern Ireland Public Procurement Policy \(NIPPP\)](#).

## **1 PURPOSE**

- 1.1 Public procurement is an important source of expenditure here, with upwards of £3 billion spent on supplies, services and construction works. The purpose of this Procurement Policy Note (PPN) is to ensure public procurement expenditure contributes to the economic, environmental and social outcomes through better management of supply chains.

## **2 BACKGROUND**

- 2.1 Experience of the pandemic has highlighted the fragile nature of supply chains in a global demand market and a need to improve the resilience of supply chains to provide security of supply.
- 2.2 Greater understanding of the length of supply chains will be essential to manage the risks of supply chain disruption to the delivery of essential public services.
- 2.3 Understanding supply chains is also critical to identify opportunities for reducing carbon emissions and waste production.

## **3 DETERMINING RISK AND APPROPRIATE RESPONSES**

- 3.1 Relevant supply chain modelling is essential for determining risk and building more resilience into supply chains and to the planning of risk responses, as outlined below.
- 3.2 Supply chains can be strengthened by:
- developing sourcing strategies which are aimed at shortening supply chains; and
  - encouraging the use of alternative products which are manufactured/produced locally.

- 3.3 Departments must map supply chains for their critical<sup>1</sup> supplies contracts. Mapping supply chains will involve, where appropriate, engaging with suppliers to trace the source of materials, processes and shipments involved in bringing goods to market.
- 3.4 Departments may consider it appropriate to triage existing contracts to identify risk and, if necessary, scenario testing might be considered as a means to test mitigation plans based on the scale of the risks identified with these contracts. It is essential to continually monitor risk.
- 3.5 The sourcing strategy for future contracts should begin with gaining a clear understanding of inherent and possible risk. Consideration should be given to developing a risk register or including details within the organisation's existing risk register.
- 3.6 Market research, user engagement and supplier engagement are useful to understand the capability and capacity of both existing and new supply chains. Where practical Departments should consider engagement with key partners, including other public bodies, local economic development and enterprise organisations to develop strategies that will strengthen government supply chains in the longer term.
- 3.7 A [Supply Chain Resilience Model](#) has been developed to assist Departments with assessing risk and developing resilience.
- 3.8 The supply chain mapping exercise can also be used to identify potential Human Rights and Modern Slavery risks. Where these are identified an action plan should be developed to manage these risks. More detail can also be found in PPN 05/21 Human Rights in Public Procurement. Training on how to identify and manage Modern Slavery risks can be accessed through the [Government Commercial College](#).

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<sup>1</sup> Critical refers to goods which, if disrupted, would have an impact on health and safety or well-being of citizens or where an organisations ability to deliver public services would be significantly impacted.

- 3.9 Improve **flexibility** within the supply chain to include; strategic management of critical suppliers; standardization of processes; availability of information for every critical point of the supply chain (including suppliers and customers).
- 3.10 Improve **responsiveness** within the supply chain ensuring continuous and broad communication; increasing the speed and accuracy of information at critical points of the supply chain (including suppliers and customers).
- 3.11 Therefore, supply chain modelling for risk and resiliency should combine some or all of these techniques where relevant.

## 4 SHORTER SUPPLY CHAINS

- 4.1 The public sector cannot rely on its standing in the global demand market and should, where possible, shift focus to the excellent contribution from local companies who came to the fore to repurpose and produce items that were in high demand during the COVID-19 pandemic.
- 4.2 To ensure sustainability of local supply chains, departments should ensure that specifications do not exclude locally manufactured products. This may require departments to carry out pre market engagement exercises to seek feedback from local manufacturers on what products are available locally and how contracts should be structured to accommodate small/niche suppliers (e.g dividing contracts into lots).

## **5 MONITORING AND REPORTING**

- 5.1 The use of supply chain mapping must be monitored and reported to assess the impact the policy has on supply chain resilience.
- 5.2 Departments must provide case studies to demonstrate their approach to supply chain resilience across a range of sectors.
- 5.3 Case studies should be provided in April each year for publication in the Annual Procurement Report in June.
- 5.4 The nature of and reason for a Department opting out of this PPN must be reported to CPD for publication in the Annual Procurement Report.

## **6 FURTHER INFORMATION**

Any queries on this PPN should be addressed to:

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