



Public Accounts Committee

Procurement by the Government of Jersey Review

Witnesses: Jersey Institute of Directors, Jersey

Construction Council and Jersey Chamber of

Commerce

Wednesday, 29th January 2025

Panel:

Deputy I. Gardiner of St. Helier North (Chair)

Deputy R.S. Kovacs of St. Saviour

Deputy D.J. Warr of St. Helier South

Deputy K.M. Wilson of St. Clement

Mr. V. Khakhira

Mr. G. Phipps

Mr. G. Kehoe

Witnesses:

Mr. A. De Gruchy, Chair, Jersey Construction Council

Ms. A. Ruddy, Chair, Jersey Institute of Directors

Mr. M. Norton, Chief Executive, Jersey Chamber of Commerce

Mr. E. Lincoln, Chair, Digital Committee, Jersey Chamber of Commerce

[12:36]

Deputy I. Gardiner of St. Helier North(Chair):

Welcome to the public hearing of the Public Accounts Committee today, Wednesday, 29th January. We have with us today representatives from the Chamber of Commerce, Institute of Directors and Jersey Construction Council. This hearing will be filmed and streamed live and a transcript will be

available afterwards at the States Assembly website. I just remind all electronic devices need to be on silent, including mine. I would like members of the public who joined us to leave quietly after the public hearing. We will begin with introductions. Deputy Inna Gardiner, chair of the Public Accounts Committee.

Deputy R.S. Kovacs of St. Saviour:

Deputy Raluca Kovacs, member of the committee.

Deputy K.M. Wilson of St. Clement:

Deputy Karen Wilson, committee member.

Mr. G. Phipps:

Graeme Phipps, I am a lay member.

Deputy I. Gardiner:

And we have attendance of ...

Mr. G. Kehoe:

Glen Kehoe, lay member. For the records, I am a member of the Chamber of Commerce, so I will not be asking any questions today, thankfully, and I am just in the capacity to listen.

Mr. V. Khakhira:

I am Vijay Khakhira. I am also a lay member of the P.A.C. (Public Accounts Committee). I am a member of the I.O.D. (Institute of Directors) so for similar reasons, I will be listening and not asking any questions today.

Comptroller and Auditor General:

I am Lynn Pamment. I am the Comptroller and Auditor General. I attend the P.A.C. meeting but I am not a member of the Public Accounts Committee.

Deputy I. Gardiner:

Would you please introduce yourself?

Chair, Digital Committee, Jersey Chamber of Commerce:

I am Eliot Lincoln. I am the chair of the Digital Committee and past president of the Chamber of Commerce.

Chair, Jersey Construction Council:

I am Adrian De Gruchy. I am the current chair of the Jersey Construction Council.

Chair, Jersey Institute of Directors:

I am Alex Ruddy. I am the chair of the Institute of Directors, Jersey Branch.

Deputy I. Gardiner:

And online with us.

Chief Executive Officer, Jersey Chamber of Commerce:

Murray Norton, I am the C.E.O. (chief executive officer) of the Jersey Chamber of Commerce.

Deputy I. Gardiner:

Thank you. First of all, before I will start with questions, I would like to thank all of your organisations and members for engaging with our procurement review, because what is really important for the Public Accounts Committee is to understand what is really happening in the day-to-day life of the businesses and how the engagement with the Government procurement is going for yourself. Why we invited all 3 of you at the same public hearing is because the themes, even though the submissions - they are all published online for the benefit of the public, if somebody would like to read them later - all submissions are focused on the same themes. We thought it would be helpful for our understanding before we are finalising the review in the next couple of months to go into the details and understand the submissions. I will start with question area one, it is the Government engagement and dialogue. During the hearing on 25th September 2024, the chief executive officer of the Government of Jersey stated: "I do not recognise the characterisations of our procurement and I am happy to go and see the Chamber ..." because he did not recognise the Chamber submissions specifically, "... and explain to them in detail why I do not recognise it." In light of this, can you confirm if the Government has reached out to your organisations - to the Chamber first and we will go to organisations other - to discuss and explain the perspective of your submissions to this review regarding Government views. Eliot, can we start with yourself?

Chair, Digital Committee, Jersey Chamber of Commerce:

Yes, of course. I have not had any personal feedback. Murray, I am not sure if you have from the executive point of view.

Chief Executive Officer, Jersey Chamber of Commerce:

Thank you. Yes, I have had a meeting with the chief executive of the Government of Jersey. We did not get to this subject, while it was noted in the meeting that we should talk about this. It was raised by the chief executive, who said he felt he had some issues with some of the submission that

we have made and he wanted to discuss that. We have not managed to get that discussion yet, although it is on our agenda to do in the next month or so.

Deputy I. Gardiner:

Yes, it is interesting. Was there any engagement with the Construction Council about your submission?

Chair, Jersey Construction Council:

Not to my knowledge, either. But, as I say, we are all here representing our ... not our organisations we work for in our day jobs. As Construction Council, I do not believe we have had anything.

Chair, Jersey Institute of Directors:

I can categorically state that we have had no interaction whatsoever. I submitted this on behalf of members in August 2024 and I have heard nothing since until you contacted us.

Deputy I. Gardiner:

Like a part of this review, because the review is really focusing at Government procurement, during the last year what dialogue did your organisations have with the Government about the procurement practices, if any?

Chair, Jersey Institute of Directors:

None, apart from this submission.

Chair, Jersey Construction Council:

From my point of view, there are some areas of Government which understand Ariba very well and other places which maybe there is room for improvement. Frequently we end up speaking with somebody over the phone to try and make sure that we can actually get paid because that Ariba system is not ideal. Again, I have mentioned briefly before, is that the system was introduced on 2nd January 2023, and then the training was offered for the users not until 28th and 29th March; some 3 months down the line. Then there was not even a phone line to ring to ask about using it. Then same even from your own people's point of view, there was lots of videos to look at, which take ... you might have a simple question but the question is in an hour-long video to look at. So a very big waste of resources both externally and internally.

Chair, Digital Committee, Jersey Chamber of Commerce:

None from the Digital Committee's point of view. Obviously Murray has been talking with the chief executive, but since we did the survey - the member survey - and responded to the request from yourselves, we have not had any other interaction with Government.

Chief Executive Officer, Jersey Chamber of Commerce:

The Chamber of Commerce has had a continual dialogue on procurement. It does go back to when the chief executive was different. It was Paul Martin at the time, and the Chief Minister at the time was Deputy Kristina Moore. We were talking more at that time about the concern of members with regard to the payment for suppliers in procurement, which was particularly lax and slow at the time and causing a great deal of distress for Chamber members in terms of them getting paid for services supplied to Government. That issue seems to have subsided, but we have continually raised the point that we wish to talk about procurement and hence the reason why we had a survey.

Deputy I. Gardiner:

Just to double-check, I think that Paul Martin was C.E.O. and started and finished during the John Le Fondré Government, not Kristina Moore.

Chief Executive Officer, Jersey Chamber of Commerce:

I do apologise. In that case ...

Deputy I. Gardiner:

Is that correct?

Chief Executive Officer, Jersey Chamber of Commerce:

Yes, that is correct. We raised that with Paul Martin. We then raised it with the next Chief Minister, which was Kristina Moore.

Deputy I. Gardiner:

Thank you. During the same hearing, the chief executive officer stated: "I would say, I was very pleasantly surprised about how successful local suppliers are in their procurement processes", which is slightly at odds with the narrative of some submissions.

[12:45]

Can you please provide the committee with an overview of how the procurement process is currently working from your perspective for local supplies and indicate whether you all agree with this statement? If not, why not?

Chair, Digital Committee, Jersey Chamber of Commerce:

I read through the statement from the chief executive and recognised some of the aspects there. For sure, there is a lot of spend going on with Jersey companies. The challenge that we have seen

from Chamber's perspective is that it is the small and medium-sized enterprises that have the biggest challenge. The fact that the submission that we had all provided and the chief exec's response saying it was anecdotal is part of the challenge. It is not in the interest of any small, medium-sized business to criticise the process or to feed back above the line. I think it is interesting in saying that all of the submissions that we had on our survey, nobody was willing to go on the record to say anything about procurement for fear of damaging their opportunities further down the line. Procurement in the public service is clearly challenging - worldwide it is a challenge - and there are some great things that go on. But from our members' perspective, the feedback that they had been given, there was not one single overall positive feedback. There was a lot of really challenging bits of feedback from our members. Obviously from our submission, we tried to give you as verbatim as possible. Some of those were part of the survey. Some of them have been conversations. But the fact they come across as anecdotal is part of the challenge that we have.

Deputy I. Gardiner:

When you were mentioning small and medium-sized businesses, just for the benefit of the public and for the review, how you would define the size of small and medium businesses in Jersey?

Chair, Digital Committee, Jersey Chamber of Commerce:

I do not think there is an official definition of it.

Deputy I. Gardiner:

I know, but how would you assess?

Chair, Digital Committee, Jersey Chamber of Commerce:

I would say any business that is probably less than £2 million turnover. Maybe 20, 30 individuals would come into small, medium. If you are in the U.K. (United Kingdom) it would be much larger, but here in Jersey I would say it is around that sort of number.

Chair, Jersey Institute of Directors:

The Financial Services Commission marks it about 40 being the tip over from medium to large.

Deputy R.S. Kovacs:

Can I ask as well, from your experience or from feedback, are there any specific tools or platforms that could help in this feedback loop between the Government and suppliers to resolve procurement issues?

Chair, Digital Committee, Jersey Chamber of Commerce:

Yes, I think from my point of view it will come down to measurement. What are the measures that we should have in place that would define success? If you define success as just in terms of the pounds that are crossing over and being paid, I do not think it tells the whole story. The value of the pound being spent, the value of that in the economy. There is absolutely a multiplier that you would have if you have a pound spent locally versus a pound that goes to an off-Island shareholder. Those sort of things, the speed of interactions, the ability for those tendering for a piece of work to have a pragmatic conversation about what is required as opposed to set in stone: "These are the requirements and you must align to that." There is absolutely some value in a 2-way conversation. But the process that our members are describing to us is that it is a very rigid process that takes a long time and the value degrades over a significant amount of time.

Deputy K.M. Wilson:

Could I ask each of you, were any of you or your members invited to inform the design and the development and the implementation of the system at all? Was there any testing done with you prior to implementation?

Chair, Jersey Institute of Directors:

We were not approached to do anything like that, no.

Chair, Jersey Construction Council:

No.

Deputy I. Gardiner:

If I will go back to the questions, I would like to hear from you since you had very recognised ...

Chair, Jersey Construction Council:

I think exactly like Eliot said, is that from a builder's merchant point of view, if it is just a sheet of ply or some plasterboard then Ariba works really well. But when it is anything a bit more peculiar, having that specification right at the front, at the start, is really important, which often is not the case. Or it has been something which has been adopted from the U.K. and is not Jersey-specific, which makes it then very challenging for people to price correctly.

Deputy I. Gardiner:

So, if I understood correct, I am just checking. You feel the barrier, from your perspective, that you do not have enough specifications at the beginning of the process that you can find out if your local companies can deliver, or sometime it feels that the specifications were taken from outside of Jersey and, obviously, it needs to be ...

Chair, Jersey Construction Council:

We looked recently at the spend of the top 100 people within 2022-23, and looking at some of those construction companies or related industries, could that not have been done by locals? I would love to know the reason why there was one which was just under £1 million, which was a consultant company, why were they chosen rather than that money could have been spent locally?

Chair, Jersey Institute of Directors:

I will probably pick up on the theme that Eliot mentioned there in terms of the reticence to engage with Government if you are not successful. The feedback from our members was the tender process is quite onerous so for a small to medium enterprise it is quite difficult to take time out of your B.A.U. (business as usual) to be able to fill that in. Then if they are not successful, I have heard from a number of members, and I appreciate too the C.E.O.'s point this is anecdotal, but I am not quite sure, unless you actually go out and do a survey, you are going to have to take our word this is what members are saying to us. That when challenging, asking the question for some feedback why were they not successful with that tender, they were told ... first of all they were told that 10 per cent of the requirement they could not fill on-Island and they said: "Well you could have come back to us and we could have brought in some expertise off-Island" which then has the - to Eliot's point about social value - that you are then upskilling your local employees as well if you are bringing in some expertise off-Island. They said but then it boiled down to cost, the U.K. was cheaper. So to reiterate Eliot's point there, the recognition of the social value to the Island and the impact on the economy is not being recognised, keeping the tax revenue here and putting the money back into the economy. That circular nature of it is not, to our members, being appreciated.

Deputy I. Gardiner:

Thank you, and before we move to the next I would like to pick up on the social value. So basically we are saying if it is a local company there is coming back into the Jersey economy and spends in Jersey, tax in Jersey and contribute into Jersey economy. When I raised it personally with the Minister for Treasury and Resources in the States, they said we do have a social contribution from each company and the Government knew that they can see the social contribution. What is the difference between what you think and they are considering as a social contribution and what needs to be in place?

Chair, Jersey Institute of Directors:

I think that the feedback from our members is that potentially the Government is disengaged with what is going on in the economy at the moment. The I.O.D., and in fact collaborating with Chamber and the Construction Council and other organisations on-Island at the moment, is doing a confidence index and talking about these issues. We are seeing redundancies on-Island. We are seeing skill shortages impeding growth, et cetera, and this is part of the problem as well. If they are unsuccessful

through a procurement for Government contracts it is having a knock-on impact and people are struggling to find work. So keeping the work on-Island also helps with ... Deputy Rob Ward is talking quite a lot about lifetime skills, et cetera. If we are ensuring that our workforce is upskilled then we are going to naturally keep them on-Island putting back into the economy. Anything that is going to a small or medium-sized enterprise over here is naturally going to start stimulating the economy and all the matters that we are identifying will be helped. I appreciate that the C.E.O. is not seeing that or hearing that but, with all due respect, this is what we are hearing from members. A lot of my time has been taken up with members reaching out to me of late, and I know for the gentleman here as well that is the same case; people are concerned and this has been mooted as one of the issues.

Mr. G. Phipps:

Is there an understanding of what degree of difference, because obviously if the price was 10 times higher they would go to England. If it was close you would expect them to go here. Are there any kind of guidelines when they are in the ballpark or at least finding out and getting feedback when they do not get it that they are getting feedback that: "Actually you were not even close, you were 5 times higher price." Some way that they can ... is there any kind of that dialogue going on so they can live and learn from where they are at, sharpen their pencil or any of that?

Chair, Jersey Institute of Directors:

Not as far as I have been told, and I absolutely wholeheartedly agree. I think any business when pitching for something wants the feedback in order to understand what their competitors are forecasting, et cetera. The feedback I have had is that, especially when it is going to the U.K., those U.K. entities are actually going offshore and so they are getting consultants or whatever from India or other places which is cheaper. They are managing their cost down by doing that, which obviously is not beneficial for the U.K. economy, but it is also not beneficial for ours.

Mr. G. Phipps:

The trade-off though is they are buying the product for much cheaper. It is understanding that difference. We should not really care whether the U.K. is getting it from themselves or from somewhere else because we are buying a service. Do you understand what I am getting at?

Chair, Jersey Institute of Directors:

Yes.

Mr. G. Phipps:

It is understanding. It sounds like they are not really getting a good understanding of the reasons why they are not getting it so they can respond accordingly and sharpen their pencil or whatever. Is that a fair statement?

Chair, Jersey Institute of Directors:

I think if you read my submission, some of the members have said to me that they are not getting that opportunity to then essentially go back and, as you say, sharpen the pencil and think about: “Okay, well, if we were X per cent off, could we come down in order that we keep it on-Island?” One member fed back to me that after going through this process they started trying to push to say: “Well could we revisit our cost, could we come down?” and were basically told: “Sorry, it is a done deal and we suggest that you do not ...” to Eliot’s point that he was making earlier, “we suggest that you do not rock the boat.”

Chair, Jersey Construction Council:

It is also the time involved with preparing all that stuff for tender. It is a big investment for companies to put all that time in and having some positive feedback would be ...

Deputy I. Gardiner:

Thank you. We will move to the...

Deputy D.J. Warr:

Can I ask a question?

Deputy I. Gardiner:

Yes, David has joined us.

Deputy D.J. Warr:

I apologise. My apologies for being late. I was crossed at another Scrutiny meeting. Sorry, I have just made a very quick note, Alex, that you said ... you used the word: “Government is disengaged from business.” That is a pretty powerful statement to make so could you elaborate?

Chair, Jersey Institute of Directors:

I think you may have asked that question in the Chamber of Commerce lunch last week.

Deputy D.J. Warr:

Yes, thank you.

Chair, Jersey Institute of Directors:

You did. Perhaps I should have measured that statement. It is very hard for an organisation in a building on Union Street to understand exactly what is going on in business at the moment. It is only for the collaboration from organisations such as ours trying to work with them to enable them

to understand. Believe me, we have this interaction. I meet frequently with Ministers and Government officials over lots of different matters, not necessarily the procurement process but other things. They are more than willing to listen and understand what is going on there. With regard to this, I think I will pick up on what Eliot from Chambers said earlier. What I have been told from members is there is a reluctance to engage for fear of not being able to secure a tender going forward. For want of a better expression, if you lift your head above the parapet it may then have a knock-on impact on any future tenders.

Chief Executive Officer, Jersey Chamber of Commerce:

I cannot reiterate that enough. The reason why we did the survey was that we had lots and lots of businesses coming to Chamber and saying that we need to ask people what they think. This is what we think, and we felt it was the right thing to do. Of the overall response that we got, 79 per cent were either dissatisfied or very dissatisfied with the effectiveness and the process of the procurement process. Every one of those came back and said ... or virtually all of them came back and said: "The only reason we will take part in this survey is if we have absolute anonymity because if we do not this could damage us going forward in the procurement process." When businesses do question, they very much get that sense of that. They are inquiring on something that is not good for their future procurement tender processes. When the chief executive said - I read his comments - he recognised some of our submission as anecdotal. Of course it is anecdotal because these are anonymous but genuine businesses who are members who have taken the time and trouble to fill out a survey. The reason why it is anecdotal is because they do not want to put their names and their businesses to a survey in public because it will be damaging.

[13:00]

That is the reason why I think the chief executive would not recognise this because, from what he has been told and from the businesses that he has spoken to, he has not had that feedback. Now that is not his fault but it is quite genuine that we ran a survey and the overwhelming response was very dissatisfied or dissatisfied with the process and indeed with the communication.

Deputy I. Gardiner:

Thank you. I will hand now to Deputy Kovacs to go deeper into the barriers for procurement.

Deputy R.S. Kovacs:

All the submissions you had, obviously it made it clear that there are barriers to procurement. What I want to ask first is what barriers do your members face when trying to access smaller contracts under £100,000?

Deputy I. Gardiner:

Because under £100,000 the Government needs to ask for 3 quotes, and this is for the small businesses.

Chair, Digital Committee, Jersey Chamber of Commerce:

I have certainly been aware of companies who I have spoken to that actually there are maybe a couple of quotes in there but the Government is struggling to get the third one that they have been asked to submit. Companies that have been asked to do that multiple times and they are feeling, although there is no measure about that, that they are making numbers up. That has definitely been one of the things that our members have talked about. The communication as well has been raised as a challenge in terms of a lack of proactive communication. Sometimes, especially when a company has been unsuccessful, it can either not come back or even come back many, many weeks later in terms of why the submission was not successful. We have definitely seen that sort of thing coming back through our members.

Deputy R.S. Kovacs:

How do you see this affects local businesses in particular?

Chair, Digital Committee, Jersey Chamber of Commerce:

I think you cannot underestimate the effort that local businesses go into to tender for work with the Government. You are one of if not the biggest spender locally in the market and clearly that is going to cause some challenges in process and workflow and workloads. There are businesses, some of which may be 5, 10 people, who the senior members of the organisation are taking days and weeks out to create tenders for pieces of work that are not successful. Obviously there are many reasons for that, but you cannot underestimate the impact that has on some small businesses that are not doing work and are not making profit because they are focusing on a piece of work, a tender. Then for that not to get the amount of feedback: "Were we 50 per cent out, were we 20 per cent out, were we 5 per cent out, what is it?" Having that dialogue, and I think that is the really important thing. You talk about transparency and engagement, that dialogue would be massively important to a small business to say: "Well, yes, if you had sharpened your pencil here or you had done something here, you would have been much more successful." I know that that has happened at times, but I also know at times when it has not happened, and that business then ... I know many, many businesses that will not participate in procurement. They have just made a decision. Not above the line, it is something that they have decided internally, but they will not participate in Government procurement because of the challenges. That then is disadvantaging yourselves and Government, because you are not getting the breadth of skills locally, which then further has this negative reinforcement loop that you feel like you have to go to the U.K. because you have not got the local businesses here. Whereas there are businesses that can spend X amount of time tendering for a local piece of work

that gives you Y profit, or you can spend 5 X tending for a piece of work that gives you half Y. So there is definitely a challenge with some of the local businesses who just ... they only want to tender for private pieces of work and not in the public sector.

Deputy R.S. Kovacs:

Would you have the same examples on trying to assess smaller contracts?

Chair, Jersey Construction Council:

One hundred per cent. I think it is really important as well as obviously the procurement process is also quite I.T. (information technology) savvy and some of the small businesses, especially with construction, they might not have somebody which is quite so I.T. savvy and may need some extra training on how to go through all that procurement process. Again, I think one of the other things we mentioned in our submission was about clarity about the specification and then also giving people enough timeline to be able to price for the work. If it is something to do - let us use schools as an example - if it needs to be done during a school holiday, do not just give us a month to get ready to have the people available to do that work in a half term.

Deputy R.S. Kovacs:

So, talking about disengagement, what steps can the Government take to simplify procurement and allow more interactive engagement with suppliers?

Chair, Jersey Institute of Directors:

Can I just go back to your previous question and add something? One member came to me, to reiterate what Chamber was saying there, and said that they have gone through 4 procurement processes with Government and they are no longer going to do it because they have become, and to quote him, he said "demoralised by all of it", which I think is quite telling and quite sad. The one point I also want to make, and this came through strongly from members, is we have got amazing skills and talent on-Island, and it is often overlooked fearing that we potentially do not and it is accessible off-Island. The results of our survey, although they are not being published at the moment, one of the key strengths being put out there is our skills and expertise on-Island. We do have really good, skilled, talented people on-Island, and we should be looking to utilise them more rather than going to the U.K. As an example, and this is ... I just want to reiterate to the room that I am sat here as the chair of the Institute of Directors, so everything coming to me is what is being said by members. This is not my personal opinion. However, I was approached in my capacity as chair of the Institute of Directors by an external consultancy based in ... recruitment consultants based in the U.K. because they wanted my inside knowledge on the local environment. That is obviously pro bono I am doing that because they have come to me as chair. "Why are we not using local consultants, local recruitment consultants to be able to undertake this, who do have that

knowledge?” So effectively I have had to take some time out of my fee earning in my own business to facilitate this for the good of the Island. So it just seems to me that we have got something a little wrong. To go on to your next point is how can we simplify this. The feedback point is really crucial. In order to have a really good dialogue with Government, to actually understand, you were completely right over here in terms of sharpening the pencil. We all pitch things incorrectly at times, do we not? Often it is a case of putting your finger in the air and if you are not doing something where it is very much based on cost labour, et cetera, and it is based on advisory services, for example, it is quite hard to provide a quote. But if you are way off the mark because a U.K. firm has been able to do that, it would be good to have the opportunity to understand how you can resolve that. So my member that came to me and said that they had gone through the process 4 times and were now demoralised by it, engaging with them to say: “How can we make this better for you?” Adrian’s point about the I.T. nature of it, which is that absolutely we should be embracing technology, it makes things so much easier, but is there something we can do in terms of helping businesses that perhaps do not have that capability to be able to enter the portal and work the procurement process?

Deputy I. Gardiner:

First of all, thank you for bringing on behalf of your members. It is really important to emphasise that you are here on behalf of your members. The member who raised that, 4 times gone through the process and was demoralised, can you give ... what in the process, if there are some specifics like absence of feedback I assume one of them, what other things that brought this member to the position to be demoralised and not wanting to engage?

Chair, Jersey Institute of Directors:

To reiterate both Adrian and Eliot’s points on behalf of Construction Council and Chamber, he was very much of the mindset he had invested an awful lot of time outside of fee-earning hours to put these tenders together. When you have invested that much time in trying to win a pitch it is very hard and, of course, that is demoralising. But more so it was the fact that the feedback was not sufficient for him to understand why they did not get the pitch. Also, in the case of this particular member, I understand when asked too many questions he was told: “Perhaps be mindful of the fact that if you want to tender again” and that just basically ...

Deputy I. Gardiner:

Do not ask questions.

Chair, Jersey Institute of Directors:

That basically just stopped the process for him and he is no longer going to do that. I have heard that from 2 others in the same sector, which I am not prepared to identify, but in the same sector 3 members.

Deputy R.S. Kovacs:

So what I am hearing from all, it is the pattern, the 2-way feedback is not appropriately happening in order for the people tendering to know how close they were of being successful and what they can improve further and that is a big problem.

Chair, Jersey Construction Council:

From a health and safety point of view, if you have an accident, you want to learn lessons to make it not happen again. Really that is what we should be asking from Government, is: "If we have been unsuccessful, surely can we have the feedback so we can know and realise where we could possibly do better next time?"

Mr. G. Phipps:

I am jumping ahead a little bit, but it sounds like an obvious recommendation you would like to see happen is that there is a standard process for consistent feedback, specifically to Jersey bids on what, why, how they missed and what they need to do in the future so they can actually learn. And if they need help, an arm out to help them in the future. If that was a standard process.

Chair, Jersey Construction Council:

That would be absolutely amazing.

Chair, Jersey Institute of Directors:

I think so, yes.

Mr. G. Phipps:

It is obvious listening to you.

Chair, Jersey Construction Council:

I am sure Murray is nodding his head as well.

Mr. G. Phipps:

You can help us write a report, I think. No, it is pretty obvious.

Chair, Digital Committee, Jersey Chamber of Commerce:

I think it is worth saying that so many different things will go through the procurement department from pencils to change management and everything in between. I think it is important that if my pencil is 2 pence too much but you are buying a million of them, clearly there are some K.P.I.s (key performance indicators) and numbers you can work through. But when you are looking at some of the more esoteric things, certainly service-based procurement, it could be that there are 3 different solutions to a problem but the process, as I understand it, is there is a very rigid procurement document to go through. We want this, this and this, as opposed to: "Actually this is the problem that we have got, how would you solve that and how do we work through that?" Then ultimately the value of what it is that is being bought and making sure that there is an appropriate amount of oversight and control around the value. Because some of the smaller things and some of the larger things, just small amounts can make big differences in some of the larger procurements. But I think it is important that there is not a one-size-fits-all here, but that process and the systems and the processes are massively important because you do not want to have to, if you have 10 tenders going on, think about how that process should work. Having that is, I think, absolutely vital. A very well thought-through process that will proactively feed back as opposed to just when you are being asked for it. Then if the team is too busy to do that today, and it may take a few weeks, by that time the opportunity has gone. I think it is around making sure there is an appropriately-sized procurement team and the processes are there to be followed and measured as the processes are executed.

Deputy R.S. Kovacs:

Would specialised tendering for small and medium sized business help address these procurement issues and how the system would work in practice is kind of what you said?

Chair, Digital Committee, Jersey Chamber of Commerce:

What we do here, we are not unique in Jersey and there has to be standards and benchmarks and processes that go on around the world. We have to make sure that we are not trying to reinvent the wheel. Procurement is not unique to Jersey. What processes have we got going on? What are the overall oversight controls, how do those things work, because there will be places that do it better than us and there will be places that do it worse than us? What can we do in terms of understanding what the right way of doing this is and keeping up to speed with that. I am no procurement expert, but if I had a business that was making this kind of widget, I would want to understand what is the benchmark for making those widgets around the world and how do I measure myself against that? I am just not sure that is happening here.

Deputy R.S. Kovacs:

Just passing on to the improving procurement practices, can each of you just say one most important thing that you see needed to be changed in the procurement process to make it more accessible?

Chair, Jersey Construction Council:

There is maybe more than one thing. I think the specification is clear; making sure that is clear right at the outset. Then also is there a way of tenders under a certain value to have.

[13:15]

Like the P.Q.Q.s (pre-qualification questionnaires) type stuff, not have to reinvent those same documents over and over again because, like the person who did from Alex, there are lots of other organisations we work with within our sector which have put the same or similar sorts of documents together about their corporate social value or whatever they are doing. There should be, in my opinion, that up to a certain amount of tender value that you can bypass having to fill in 30 documents that you have been having to do because that is wasting a lot of your time but also employers' time, from our point of view.

Chair, Jersey Institute of Directors:

Yes, I was just looking back at what members have said to me and they feel that they would like Government to be more flexible and proactive in its approach. Often the I.T.T.s (Invitations to Tender) that come out are quite extensive in what is needed and they feel that potentially addressing specifically what is needed so that people have a better idea of how to respond and waste less time in terms of putting together the documentation that is required and being more flexible and open. Could you pick up the phone, for example, it was suggested to me, to say: "Okay, this is what you are asking for on the I.T.T. We have got X, Y, and Z, would you be open to us to bring in somebody from elsewhere or work with, for example ...". In fact, a member put to me: "Sometimes it could be the case that 2 local Jersey businesses could work together to fulfil that particular tender, but we are never given the opportunity to do so. We are just told that we do not necessarily have the right skills in that area." Would it not be so much better if 2 businesses - local businesses - could work together to meet the requirements?

Mr. G. Phipps:

We have been jumping in already at the area I wanted to talk about, which is improving the procurement system as we go forward. Maybe I will start with you, Alex, this first one, but you can all jump in. I have got some specific questions and general comments. Can you all advise the panel how you perceive the preferred provider or the waitlist system mentioned in the Institute of Director's submission impacting fairness and inclusivity in procurement opportunities for the smaller businesses?

Chair, Jersey Institute of Directors:

I suspect that the whitelist comments were coming from some of our financial services members responses because it is a standard phrase that is used. Banks often operate a whitelist of lawyers or other preferred service providers. But it was a common theme throughout our members' responses that they felt - whether it is right or not it is a feeling among our membership - that there are a list of preferred service providers that automatically would get the I.T.T.s over and above others.

Mr. G. Phipps:

So if there was a process in place where people understood why they did not receive it when they put in a bid, including you are out by 200 per cent, then that is kind of obvious ...

Chair, Jersey Institute of Directors:

I think this was prior to the tender.

Mr. G. Phipps:

... would that address it?

Chair, Jersey Institute of Directors:

This is actually prior to the ... so being invited to the tender.

Mr. G. Phipps:

Being even included in that. So there again, if they were not included and they submitted getting the feedback why they were not ... in the same way we are talking to the feedback, would that help?

Chair, Jersey Institute of Directors:

To give you an example, we were contacted as Institute of Directors - maybe it was a couple of months ago - if we could push out to members to participate in a review that was being undertaken. Nobody that I knew in our members that would communicate with me had been approached to tender for this particular review. It was an outside financial services business that had secured the tender so I did not put it out to my members because I felt there may be some unhappiness, for example, that they had not received an I.T.T. Whether that was on the portal or whether that was a direct reach out if you do not necessarily need to go through the portal, it is down to your 3 quotes. What I am trying to explain there is there is a perception that for particular reviews or more in the advisory space, as Eliot was saying, there are particular people within the U.K. that they would prefer to use, maybe more recognised names.

Deputy I. Gardiner:

If I can understand it correctly, and I am looking to the Construction Council and the Chamber of Commerce, is there is a feeling that if it is a small contract that your members might not receive a telephone call or just invitation: "Would you like to ... are you available to do this job?" Is this my understanding?

Chair, Jersey Construction Council:

Again, from some of our members, that is the case. But again, as we have said a number of times, that is for our members, we cannot say specific about ...

Deputy I. Gardiner:

Because it is anecdotal.

Chair, Jersey Construction Council:

Yes, exactly.

Deputy I. Gardiner:

But there is a feeling in your industry there is?

Chair, Jersey Construction Council:

Generally speaking, yes.

Mr. G. Phipps:

Okay, I have a few more questions, specific ones, or I will be in trouble myself. Based on your submissions, there are ongoing changes with systems like SAP Ariba. How could the Government improve the usability and training for local businesses when they implement these kind of changes so that in the future it is implemented in a more seamless fashion? What thoughts have you got?

Chair, Jersey Institute of Directors:

Members said to me that they felt, and I think, Adrian, you summed it up earlier, that ... one of our members said to me: "Well, I went to the Digital Jersey showcases of how to use it, et cetera, but I did not really understand what I was being told to do and I did not really have access to ask anybody afterwards." I think to the point we were making earlier, potentially having more accessibility to training or understanding how things can operate properly but pitched at, for example, small, medium enterprises that might not necessarily have I.T. expertise to be able to understand how to do it. Some of the larger enterprises can easily work with ... I sound as if I know what I am talking about here, but A.P.I.s (application programming interface), et cetera, to be able to integrate the system. Yes, that sounded good.

Mr. G. Phipps:

It is over my head.

Chair, Jersey Institute of Directors:

But for small, medium enterprises it might be a little more tricky.

Chair, Jersey Construction Council:

I think, just going on from what Alex said, having a contact number because a small tradesman has been busy all day, and he then gets his order through on Ariba, and he needs to go in and process it. It would be much easier to be able to pick up the phone and be able to speak to somebody about it. Also, I think with Ariba, it would be great if you could try and reduce the amount of emails that you get. This morning I processed an order with a government department, and I think I have had 6 emails from order confirmation and whatever else. It is just why do we need to have so much? We need to have, yes, we have had an order, and yes, it has been confirmed, and yes, you are going to get paid. It is just unnecessary extra hassle for everybody.

Deputy R.S. Kovacs:

Do you feel it would be useful to have specific support or workshops put in place made available to the businesses to understand and get to speak to using the platform?

Chair, Jersey Construction Council:

I think that the people which are using it at the moment, generally speaking, are using it relatively well. There have been massive improvements from when it started to now. Even within your own teams when you are having somebody new to using it, we then have quite a few challenges to try and make sure they do their bit right on their side so we can do the right bit on our side to get paid. Because sometimes it works really well and we can get paid within a week and it is brilliant. But other times you can be waiting if somebody has not ticked the right box.

Mr. G. Phipps:

How can the Government collaborate more effectively with organisations like yours to showcase local businesses' capabilities and encourage innovation in procurement? So, what suggestions? That is a pretty open-ended question but ...

Chair, Jersey Institute of Directors:

I think we would welcome any outreach, any collaboration whatsoever. Our members certainly would. Anything we can do to assist in that regard, we would welcome. Whether that is a seminar or webinar or something along those lines where they could engage, definitely.

Chair, Jersey Construction Council:

I 100 per cent agree because within our local construction industry there are lots of projects that external contractors have come to do when local talent could have done those works. For ourselves as a businesses for hire, we are always consistently reinvesting in new bits of equipment to make life easier for people to do things, and to showcase what the Island can do would be great.

Chair, Digital Committee, Jersey Chamber of Commerce:

It comes down to dialogue at the end of the day. It does feel sometimes from the feedback from our members that it is very much a one-way street. Procurement is not easy; it is difficult. As a business who does not win a piece of work it can seem frustrating, but there could be really good reasons why it has not happened. Also, procurement are going to be busy so do not necessarily ... are not as close to the business community as the business member is. I think having that conversation, and I can speak for Chamber, and I am sure Construction Council and I.O.D., but to have some sort of workshop or getting some of the experts that we have around the table, just to have that conversation around what does good look like, what is it? Because at the end of the day we want our tax pounds to be spent wisely. We do not want those thrown down the drain. Making sure that money is spent wisely is absolutely the right thing, but it is just to understand these are the challenges on this side, these are the challenges on this side, and how do we get good, what is the measure of that?

Mr. G. Phipps:

Thanks. No, I think that is all helpful. One area that has already come up is feedback and understanding clearly why and help in getting there. It would be interesting, what do you think about the concept that the procurement staff and the Government's ... one of their K.P.I.s besides just the absolute cost is the number of contracts awarded locally as an indicator of their performance? Not total numbers but actual jobs. Do you think that might help them focus a little bit?

Chair, Digital Committee, Jersey Chamber of Commerce:

Personally, I would think that it might work in some ways but you also have unintended consequences of that sort of thing. If, as a parking attendant, you are rewarded on the number of tickets, funnily enough the number of tickets are going to go up. I think that there might be some positive consequences for local businesses but also some negative consequences for Jersey.

Mr. G. Phipps:

So how, as an indicator ... do you have any thoughts on ways that we can manage ...

Chair, Jersey Institute of Directors:

The feedback, absolutely. Even if you are engaging with people afterwards to say: "What was your experience of the procurement process?", then that might be a better measure. I agree with Eliot, it would obviously be in our interest and, recognising your point earlier, we have to protect taxpayers' money. We need to ensure that we are getting the best value here. Absolutely. But understanding and being more transparent about why it may have gone elsewhere and allowing feedback to say: "If you sharpen your pencil it will stay on-Island" so it may be a K.P.I. should be the feedback from the people undertaking the procurement process.

Mr. G. Phipps:

That would bring up their attention sufficiently to allow them to do their job better.

Chair, Jersey Institute of Directors:

Yes.

Mr. G. Phipps:

Okay, thanks.

Chair, Digital Committee, Jersey Chamber of Commerce:

If you are a commercial business you are looking at return on investment, you are looking at value, and that is really important. It is not always top of the list in every public sector part of the organisation. If we are spending £1 million to save £50,000, there is an imbalance there. I think it is less about the number of contracts awarded and about the value of the process that is going in.

Mr. G. Phipps:

What I was looking at is ways when they see contracts coming in and can see the obvious way, if I get those 2 guys to talk to each other it might get a better ... a little more flexibility and incentive for them to try and do what you are achieving. That is where I was coming from.

Chair, Digital Committee, Jersey Chamber of Commerce:

Pragmatism.

Deputy I. Gardiner:

Murray was very patient. Yes, Murray, please go on.

Mr. G. Phipps:

Let us hear your comments on all this stuff.

Chief Executive Officer, Jersey Chamber of Commerce:

Thank you. Really interesting conversation and it reflects the survey. I will come on to some of the thoughts of members in overcoming them. Just to look and say that the complexity of the process, almost 80 per cent of those surveyed said that was the biggest hurdle; the complexity of the process. The length of the process, 65 per cent. What was really high was over half of those we surveyed said the lack of communication was a real issue; a real issue. It is no surprise a third of them said the cost of putting in tenders as well. There is a lack of transparency that was quoted as well. But I think when you start looking, many of the respondents felt that the current procurement process was not flexible enough. But there was a strong desire for more engagement and networking opportunities with government departments. A lot of the respondents expressed an interest in various types of events, seminars, networking events, one-to-one meetings to better connect with government departments. It is something I have said on many occasions, having sat on both sides of the fence both running a business and also being in Government, and now at the Chamber of Commerce for the last 7 years. A great deal of businesses do not understand how Government works. And a great deal of Government do not understand how business works. With due respect to both sides, I think it is really important that there is more engagement.

Deputy I. Gardiner:

Thank you, really helpful.

Chair, Jersey Construction Council:

Just hanging on from what Murray said, maybe some meet-the-buyer events might also be useful to have from the different departments. So that if it is financial services, or whatever it might be, construction it might be useful to have some more meet-the-buyer events.

Deputy R.S. Kovacs:

Meet the buyer, meet the supplier.

Chair, Jersey Construction Council:

Yes.

Deputy K.M. Wilson:

I just wanted to pick up on the issue around what is needed on either side. I am interested to know what your views are around the level of expertise in procurement that is available. So when it has been provided, where there has been feedback given to companies, does it meet businesses expectations on that basis? Because we have talked a lot about process. I think what I am hearing from you is that you are looking for somebody to translate and interpret some of the decisions that have been made and whether you feel confident that the procurement specialist expertise and advice is there.

[13:30]

Chair, Digital Committee, Jersey Chamber of Commerce:

It is very difficult for us to comment on that. This would for me be an independent view of that and an independent expert to assess that sort of thing. I cannot, I am no expert.

Deputy K.M. Wilson:

So you do not have any feedback from your members as to whether or not the advice that they give in terms of what feedback they do receive is valuable to them, meaningful to them?

Chair, Jersey Construction Council:

From my point of view and from our members, it sometimes has been very limited feedback. Years gone by we had a gentleman by the name of Dan De La Cour in procurement and he was good at being able to give us constructive feedback about what was going on. I do not think there is somebody really championing in that role with the trust and integrity that the industry have with others.

Deputy K.M. Wilson:

Alex, did you want to say something?

Chair, Jersey Institute of Directors:

I was just going to say, but it is in my submission, one member did say to me that they had had quite an unpleasant experience and felt that they were talked down to as a small business. I think potentially there is ... it was a common theme in not being made to feel a valuable part of the process.

Deputy K.M. Wilson:

In your view, is the Government striking the right balance between competitive pricing and supporting local businesses? How should this be adjusted to better nurture the local economy?

Chair, Digital Committee, Jersey Chamber of Commerce:

Anecdotally I would say no, the balance is not right. But I think that the balance should be not just around the pounds being spent, but the value of that pound locally, and if there is a weighting to be applied to a local business. Let us say the pound spent locally is worth 3 times what it is if we spend it off-Island, then potentially there is a percentage and it certainly will not be 300 per cent, but it certainly will not be 2 per cent. There will be some sort of weighting to say, look, locally if we have got local employees doing local work for the Government there is a value to that pound going into the economy. Whether it is, I do not know, just 10 per cent, 20 per cent, 25 per cent; I do not know

what the number is. But there is definitely a number in that range. I would say that the value of a contract being landed locally as opposed to off the Island has to the local economy, and I would need somebody cleverer than me to look at what that number is, but there is definitely some value to that locally spent.

Deputy I. Gardiner:

Physical number.

Mr. G. Phipps:

Well, if there is a rough range and there was a feedback system so they know whether they are getting close or not, that would either give them the incentive to try harder or to realise you are not even close and do not waste your time type of thing.

Chair, Jersey Construction Council:

But also from what you are saying there, often we see specialist contractors coming to do works in Jersey for Government and maybe 10 per cent of that work is specialist and the rest of 90 per cent could have been done by other contractors. That is where, if the tender came in and there was somebody which was close but not able to do it, can that person from the U.K. with the specialist knowledge come and do the 10 per cent and work with the local contractor, which would be of benefit for everybody and upscale the local people.

Deputy I. Gardiner:

Is it something that you are talking about how basically they are packaging their procurement because the package ... if 2 companies or 3 companies or specific services can be packaged together to allow ...

Chair, Jersey Institute of Directors:

That may be the case but I think Adrian is making the point that actually, if part of the contract could not be fulfilled on-Island, could we split it and leave most of it on-Island, some of it going off-Island? I think the general feeling, from my members anyway, is there does not seem to be a bias towards trying to keep the money in Jersey and it is very much weighted on if you do not have the specialist skills it automatically goes off-Island without considering how you could work around that to ensure it stays on-Island. But also if a contractor elsewhere or a business elsewhere, potentially the U.K., can come in at a lower cost automatically it is seen as well we will go for that because we are justifying taxpayers' money, without thinking about the actual implications about keeping it on-Island and the benefit in terms of skills, tax revenue, corporate ...

Deputy R.S. Kovacs:

The long-term saving.

Chair, Jersey Institute of Directors:

Yes.

Chair, Jersey Construction Council:

I think just a great example is Bellozanne Sewage Treatment Works. Government has had 2 different contractors which have gone bust, cost lots of money to individual businesses and Government has in the end completed the project themselves using mainly local contractors. That is a great example where Government at one time was using all external ... gave it to 2 different big U.K. contractors and then finally finished it off using their own in-house expertise, which was a great example of how they should have done it at the start rather than how they did it.

Deputy I. Gardiner:

I think it is one of the best examples now. We are going back but I remember when it is completely bust and so what we are doing actually.

Chair, Jersey Construction Council:

But it has happened twice. It happened twice not just once. Once would be bad enough, but have them twice.

Deputy I. Gardiner:

And local contractors finish the work, yes.

Deputy K.M. Wilson:

Just finally from me. I think we have talked about specific initiatives or incentives, and I do not want to revisit that, but do you think that the current approach to monitoring and evaluating procurement outcomes adequately captures the total cost of ownership and the broader economic impacts of contracts?

Chair, Jersey Institute of Directors:

I think we can all say a resounding no to that. I think that was the theme of our meeting.

Chair, Digital Committee, Jersey Chamber of Commerce:

I think if we had the stats and it was something that was shared, we would not be sat here. I think if we had those numbers and the transparency it would be really beneficial for everyone around the table.

Mr. G. Phipps:

Just a quick comment on that. If that was taken into account, that might give some guidelines on to plus or minus 10 per cent, 15 per cent, at least you would have a basis. Then it would be important to educate the population at large, because as a taxpayer if I am seeing the Government spending more money I would like to understand well, actually, it is not more money. So there is an education process too, I think.

Deputy D.J. Warr:

I am going to go a bit off-script here because it seems we are repeating ourselves to do this. One of the things which is obviously very apparent here is this procurement interface. You are talking about Government interfacing with the private sector, and a different mindset is required on that front. All the language I am hearing at the moment is about fear. I am hearing about a lack of understanding, a lack of sensitivity. My question really to you is about the empowerment of the civil servant who is making the purchase or is making those decisions. Because one of the things which strikes me is if your only experience is in Government, how do you know how the private sector operates? You are talking about collaboration and various things like this. Is this a training issue in terms of whoever is in the procurement department? Is one of the things you need to be dealing with is how aware are you of how the private sector works in a general term? Should they be people who are ex-business people who are in the procurement sphere in Government? Is that what we should be looking for? I talked about empowerment. How much flexibility should officers be given because clearly they have got guidelines, they have got to tick all these boxes and all the rest of it? When actually businesses, we are hearing here, it is about flexibility, it is about adaptability, it is adjusting to the environment laid out in front of you. Ultimately, I guess my question is, what aspect ... how can Government improve that bit, that upskill, upskill themselves, dare I say it? That is a very random question being asked.

Chair, Jersey Institute of Directors:

I do not think it is a random question at all. I understand what you are asking there and it is not something that we ask members. I think I would just refer to Graeme's point where you mentioned there that an improvement of transparency, I think that that would actually help the process. Having the ability to pick up the phone to procurement or vice versa for procurement to pick up the phone and say: "You were almost there on this, it was just this particular aspect. Is there anything, because we really liked your tender, is there something you could do?" Having that 2-way conversation. No matter what industry you are or any sphere of life it is going to be important. That is the only way. Collaboration is going to get more out of business, out of Government. That is my personal opinion. But certainly, it was coming through from members that having a dialogue is more important than the process itself.

Mr. G. Phipps:

I keep falling back on running businesses and you tend to get what you appraise in the feedback. Maybe not the numbers because I can see how that got played away, but if the conversation included a dialogue on: "How is it going with your procuring local? What are you doing to improve that?" or something like that so it shows up as just like safety shows up. "Have you killed anybody, have you hurt anybody?" That might be an area; does that make sense?

Chair, Jersey Construction Council:

And it is the engagement, meet-the-buyer type events. You have got some work going on, it would be great to have other organisations to perhaps go and meet up with the buyers about whatever projects that might be coming forwards.

Chief Executive Officer, Jersey Chamber of Commerce:

To be fair, there are some procurement workshops that do happen, and there are breakfast briefings that have happened, and even Chamber have hosted, particularly with the hospital and the procurement of the hospital, meeting some of those contractors. They have happened, and I think, when we are talking about training, it is training on both sides. If I am being really fair here, there needs to be some training for businesses in order to tackle the complexity of the process of procurement and there needs to be some training maybe for Government in understanding what makes it easier for businesses. Is there an opportunity for choosing business within this? We talk about barriers to business, we talk about productivity, and they are charged with delivering that information and doing that at the moment. I think there is an opportunity in here for both sides to take some learning away. With regard to Deputy Warr's comments on the latitude of officers, that is always going to be challenging because officers have to have a set of guidelines and rules. Can they be flexed a little? Possibly. But that is always going to be very difficult and they are always going to be open to criticism in doing that, that there is a lack of consistency because there is too much latitude. I think that is very difficult to challenge. I think in terms of involving people that worked in business, who are known to have worked in business, involved in that interfacing, again there is a fine line between having that expertise and knowing everyone in the room and having a conflict of interest because you know everyone in that room. Be careful what you ask for in some areas.

Deputy I. Gardiner:

First of all, I would like to say thank you. I think that we have learned a lot. It was really helpful. We hear there are barriers, we know there are barriers, but we also heard the solutions, which we will definitely incorporate in our final report. I hope that the total 79 per cent of suppliers who were not satisfied, we can see the number improving over the next year or 2. Before I close the session, I would like to ask if there are any questions or any piece of information that you think that you would

like to focus, to bring to the final attention before we close the session, that we did not ask and you would like to emphasise?

Chair, Digital Committee, Jersey Chamber of Commerce:

I think we have gone through everything.

Chair, Jersey Institute of Directors:

Everything, yes.

Chair, Jersey Construction Council:

Thank you. Thank you for inviting us.

Chief Executive Officer, Jersey Chamber of Commerce:

I recognise that it is a difficult job for procurement and it is also a very challenging time for businesses. Whatever resolution we can ...

Deputy I. Gardiner:

We need to come together. It is about the collaboration and communication. Thank you very much. Thank you again on behalf of the committee for representing your members, and the public hearing is closed.

[13:43]