

Deputy Inna Gardiner  
Chair  
Public Accounts Committee

*By email only*

8 August 2024

Dear Deputy Gardiner,

### **Procurement Review**

Thank you for your letter of 11 July 2024. Please see responses to your questions below.

The Cabinet Office encompasses a broad array of functions, such as Digital Services, Public Health, People Services, Policy and a number of Arm's Length Bodies. The quantitative data provided reflects the aggregate activity of all functions within the Cabinet Office.

#### **1. How often does your department utilise the central procurement system for acquiring goods and services?**

This is indicative information supplied by Commercial Services and relates to purchase orders only:

- Total Purchase Orders: 6800
- Avg. per month: 378

This information represents the volume of use of the system over an 18-month period (January 2023-June 2024 inclusive).

Digital Services and People Services are together responsible for 46% of the procurement, with other functions within the Cabinet Office being responsible for the remaining 54%.

#### **2. At what levels in terms of monetary value (e.g., small, medium, large purchases) do you most regularly engage with the central procurement system most frequently?**

The Cabinet Office engages in all levels of monetary value within the central procurement system and sourcing routes.

This is indicative information supplied by Commercial Services and relates to purchase orders only:

- Under 1k: 3938
- 1k to 25k: 243
- 25k to 100k: 294
- 100k+: 131
- Total:* 6800

This information represents the volume of use of the system over an 18-month period (January 2023-June 2024 inclusive).

**3. *What aspects of the central procurement system work well and what challenges or issues does your department face when using the central procurement system?***

- a) The central procurement system (CPS) has several strengths and some challenges. One of the strengths is the availability of the 'Procurement Best Practice and Procedures: user guide and toolkit,' which is accessible on the Commercial Services intranet site. This resource is kept up-to-date, user-friendly and helps users in navigating the procurement processes effectively.
- b) The CPS itself is also more streamlined and logical compared to its predecessor. This improvement has made it easier to use and retrieve information, particularly for regular users. The system's functionality, such as allowing suppliers to continue drawing down against a Purchase Order (PO) over the entire contract period, has received positive feedback. Additionally, initial issues with payment processing during the implementation phase have been resolved, leading to smoother operations.
- c) However, the Cabinet Office faces some challenges with the CPS. A significant issue is the uncertainty regarding suppliers' use of Ariba, specifically whether they fully utilise it and know how to upload their invoices. This can lead to issues with payment management and negatively impact supplier satisfaction. Suppliers often find the system difficult to use initially, indicating a need for better onboarding processes or additional support for new users.
- d) Another challenge is the limited access to suppliers' contact details within the CPS. Full access to these details could further streamline the procurement process. Additionally, it would be beneficial if the system clearly stated the remaining funds on a PO, which would enhance financial management and planning.

**4. *How would you describe your department's relationship with suppliers when using the central procurement system and what feedback have you received from suppliers about their experiences with the central procurement system?***

- a) The Cabinet Office's relationship with suppliers using the CPS has been characterised by both positive and negative feedback. During the implementation period in 2023, there were significant issues with the speed of payments to suppliers. Small suppliers and sole traders, in particular, experienced delays in invoice processing, leading to negative feedback.
- b) The situation has improved over time as staff and suppliers have become more accustomed to the Ariba system. Support from department change agents and super users during and after the roll-out has been instrumental in this improvement. Suppliers who use the CPS frequently have become familiar with its functionalities and generally express satisfaction. In contrast, those who use the system less often sometimes struggle with navigation. Comprehensive training for all suppliers on the new CPS would significantly enhance their experience and efficiency.

**5. Can you provide details on the number of engagements that have been extended above their original value over the past 5 years?**

i. The number of engagements extended each year is as follows:

2024: 35  
2023: 55  
2022: 37  
2021: 18  
2020: 3

Certain procurement engagements may be extended due to the ongoing need for specialist technical skills or subject matter expertise when a supplier has demonstrated their capability to deliver the required outcomes and further project phases are required subsequently. Extending engagements with existing suppliers is often an efficient and effective solution, as they have developed an understanding of the organisation's needs alongside a good knowledge of the specific project.

**6. How do you evaluate the delivery and closure of individual procurements within your department?**

a) The Cabinet Office evaluates the delivery and closure of individual procurements by adhering to the guidance provided by Commercial Services on contract management. This includes frameworks for major, strategic and other projects as outlined by the Corporate Portfolio Management Office (CPMO). These frameworks incorporate lessons learned processes and post-project reviews to ensure continuous improvement.

**7. Does the current level of autonomy provide work well for your procurement needs?**

The current level of autonomy within the CPS works well for our procurement needs, thanks to its appropriate checks and balances.

The Policy Directorate in the Cabinet Office, with the support of Commercial Services, has established a Policy Products Procurement Framework. This framework allows for sourcing a broad range of policy products from pre-approved providers, such as drafting instructions for legislation and support for analysis and research. It has proven effective in addressing less predictable priorities and providing surge capacity for urgent issues. These temporary engagements can be initiated more quickly than going out to tender or recruiting new staff, thereby avoiding the need to permanently expand the public service.

**8. Do you have any additional suggestions or recommendations in order to further enhance procurement processes?**

To further enhance procurement processes, suggestions include:

a) Implementing targeted training sessions for suppliers, particularly those who are new to the CSP. This would help them navigate the system more effectively and reduce any initial struggles.

- b) Receiving notifications when payments are processed. This would provide clearer visibility on payment statuses and updates, helping both the department and suppliers stay informed about financial transactions.
- c) Streamlining communication to reduce the volume of emails generated by each requisition would improve efficiency. Exploring ways to consolidate information and reduce unnecessary correspondence could make the process more manageable for all parties involved.
- d) Improving the reporting tools within the system to allow better visibility of the status and length of service contracts would be another valuable enhancement. This would facilitate more effective management and tracking of ongoing contracts.
- e) Furthermore, it would be beneficial for internal users if the system displayed all contact details for each supplier. Having easy access to this information would streamline communication and coordination with suppliers.
- f) Lastly, enhancing visibility on the status of contracts and drawdowns would be helpful. Providing clearer and more accessible information about these aspects would enable better monitoring and management of procurement activities.

I trust this provides the Committee with the information required. Should you require any further clarification please let me know.

Yours sincerely

A handwritten signature in blue ink that reads "T. Walker".

**Tom Walker**  
**Assistant Chief Executive Officer, Cabinet Office**