

06 May 2025

Dear Deputy Inna Gardiner,

### **Procurement Review**

Further to the Public Accounts Committee (PAC) undertaking a review of Procurement by the Government of Jersey, please find enclosed responses to the questions sent to Commercial Services on the 31<sup>st</sup> March 2025.

Commercial Services acknowledges the intention of the PAC to publish both this letter and the response on the States Assembly website as part of the evidence for the review. Please note information, which is requested, and which is commercially sensitive shall be forwarded separately and marked here as such.

### **Total Annual Procurement**

#### **1. Please can you provide the total annual procurement figures for the past three financial years.**

Analysis of government 'procurement figures' is both a broad and complex exercise. For the purposes of the PAC report request, we have applied filters which align with our Annual Accounts reporting for the company *The States of Jersey*. Furthermore, we report supplier spend as per expenditure from the Consolidated Fund, excluding accruals and we narrow this down to non-pay expenditure transactions with suppliers. This picks up expenditure with suppliers reported within the accounts as other operating expenditure and supplier expenditure on projects. We have excluded expenditure with third parties which is coded to Grants and Subsidies.

In January 2023, the Government of Jersey migrated from JD Edwards to SAP (Connect Finance). To avoid inconsistency of reporting between systems, the responses provided in the following questions focusses on 2023 and 2024 information only, where Government has been able to leverage the improved data reporting capabilities associated with the migration.

Departmental Supplier Spend for Procured Goods, Services and Works across Government totalled:

<b>2023</b>	£457,389,896
<b>2024</b>	£444,884,862

#### **2. For each year, please can you break down how much of this spend went to local suppliers and how much went to non-local suppliers**

Please see table below:

<b>Financial Year</b>	<b>On-island</b>	<b>Off-island</b>	<b>Total:</b>
2023	£216,207,473	£241,182,422	<b>£457,389,896</b>
	47.3%	52.7%	
2024	£229,677,032	£215,207,830	<b>£444,884,862</b>
	51.6%	48.4%	

**2.a Within the local supplier category, please can you specify the top ten local suppliers by total contract value:**

The tables below illustrate total expenditure on the top10 On-island Suppliers (which may include more than one contract) in 2023 and 2024:

<b>On-island Supplier:</b>	<b>£ (2023)</b>
Rok Construct (2017) Ltd	£14,357,404
Family Nursing & Home Care	£10,707,639
CT Plus Jersey Limited T/A Liberty Bus	£7,346,435
Jersey Electricity	£6,539,720
JT Group	£5,123,070
Peter Green Builders (2018) Limited	£4,760,240
Pallot Tarmac (2002) Ltd	£4,655,253
Jersey Hospice Care	£3,432,228
Marbral Advisory Limited	£3,258,825
1st Recruitment Limited	£3,099,590

<b>On-island Supplier:</b>	<b>£ (2024)</b>
ASHBE Construction	£11,539,050
Family Nursing & Home Care	£10,243,459
Jersey Electricity	£7,885,347
CT Plus Jersey Limited T/A Liberty Bus	£7,351,595
JT Group	£6,276,697
Peter Green Builders (2018) Limited	£5,105,141
Brenwal Ltd	£4,668,960
Rok Construct (2017) Ltd	£4,473,951
Pallot Tarmac (2002) Ltd	£4,083,621
Tutela (Jersey) Limited	£3,083,398

**2.b Can you please outline the largest contracts awarded to these suppliers during each of the past three years**

The summary of the largest contracts awarded in 2023 and 2024 are included confidentially within the “2.0 Procurement Review- CONFIDENTIAL Supplemental Appendices” Document. It should be noted that a central repository for contracts is maintained by Commercial Services, but it is not mandated for individual Departments to incorporate their individual contracts therefore a ‘complete’ record is currently unable to be produced.

**3. Please can you advise the total spend on contracts valued at £25,000 and under for each of the last three years**

Please see table below:

Total spend with suppliers where cumulative spend in year is <£25k, for	
2023	£6,005,703
2024	£6,031,036

**4. Please can you provide the total spend on contracts valued between £25,000 and £100,000 for each of the last three years.**

Please see table below:

Total suppliers spend where cumulative spend in year is between <b>£25k - £100k</b> , for	
2023	£15,840,970
2024	£14,978,699

**5. What procedures, controls, and risk mitigations are in place to ensure spend remains within approved thresholds when multiple smaller contracts are awarded to the same supplier?**

Departmental schemes of delegation are utilised within SAP Ariba for all Purchase Requisitions and require financial approval via the workflow prior to a Purchase Order being issued. Departments should have specific internal checks to ensure spend remains within the Sourcing Route thresholds.

In addition, all Purchase Requisitions over £25k are routed to Commercial Services for additional review which acts as an additional control mechanism to ensure appropriate procurement procedures have been followed.

**5.a What audits or oversight mechanisms are in place to detect potential conflicts of interest, double spending, or favouritism?**

Departments wishing to select “known”- or “preferent” suppliers must submit an exemption or breach to Commercial Services which justifies a supplier's selection. Known suppliers might be required to vary – or extend existing contracts. Where spend above £25k is un-competed, a justification is recorded within the process and COI declarations are sought. This is required to be completed under CS Best Practice guidance.

The Commercial Services Procurement Best Practice (PBP) guidance was updated as a result of a C&AG Audit report action closure in March 2025. Commercial Services published updated intranet guidance on Anti- Fraud and Corruption, Conflicts of interest and Supplier Due Diligence.

Links (and intranet page images) which relate to the revised guidance are collectively included as PAC **Confidential** *Appendix A - links to intranet guidance*, within the “2.0 Procurement Review- **CONFIDENTIAL** Supplemental Appendices” Document.

It is mandated under CS Best Practice guidance for all stakeholders involved in a procurement evaluation exercise to declare any Conflicts of Interest (COI) or perceived conflicts. All Commercial Services personnel provide a COI statement annually. Accountable Officers are obliged to ensure officers involved in evaluation process record conflict of interest statements and seek guidance from CS where required. Completed forms are retained and are available for review by Audit.

Similar to many other organisations, the Government deploys a three-way matching approach. Three-way matching involves cross-referencing three documents: Invoice, Purchase Order (PO) and Delivery Receipt.

By ensuring that the details in these three documents match, and the steps are undertaken independently we can verify with greater certainty that an invoice is legitimate, the goods or services were ordered, and that delivery was completed as specified.

This method can significantly reduce the risk of duplicate payments and invoice fraud. Additionally, it helps in identifying discrepancies early, preventing unauthorized or erroneous payments.

## **Procurement Thresholds and Planned Changes**

### **6. We understand there is a proposal to raise the £25,000 threshold to £75,000. Could you provide the rationale for this change?**

The existing thresholds were originally introduced in 2006. T&E is therefore reviewing these thresholds. No recommendation has yet been presented or decided (see also response to Question 7).

Any proposed change would be based upon the need for proportionate controls and balance the risk appetite of the organisation with efficient use of resources, the competence of users (buyers) across the organisation and the priorities regarding local businesses and SME's.

Commercial Services has established a workstream as part of the T&E Business Plan commitment as part of its role to ensure proportionate commercial controls remain in place.

The Commercial Services workstream delivering this review is in the process of concluding an evidenced based approach in considering what a revised set of proportionate thresholds should be in the following context:

Current thresholds were originally set and have not changed since 2006; important context here, is that RPI Inflationary impact over the period to the end of 2024 is 83%, so if all other factors/risks were equal, the current thresholds are not aligned with the sourcing risks they were originally intended to control.

In reviewing and determining new Sourcing Routes and threshold values we are considering:

Key factors including cost of administration, importance of local businesses and SMEs, Social Value and environment, risks of fraud and corruption, efficient use of government resource, competency of users, economic position and distribution of procurement transaction values.

Analysis of GoJ Sourcing & Purchase Orders- assessing our current behaviours and ways of working

A compilation of benchmark comparators for Sourcing Routes used by other jurisdictions (this has reviewed sourcing thresholds across other islands, WTO examples, European, UK and further afield).

Initial activities have now been concluded and proposed/recommended thresholds (Draft) are being discussed within Commercial Services, progressing through the Commercial Services Steering Committee. Upon conclusion of internal Governance review, new thresholds will be proposed, agreed and rolled out across the Government of Jersey for departments to follow (this will require updates to Commercial Services guidelines and best practice documentation, as referenced within the Public Finances Manual).

### **7. What procedures and risk mitigations will be put in place to prevent potential misuse or abuse of the raised threshold?**

The procedures set out in the current Procurement Best Practice document will remain the same, however the values associated with the current expenditure levels will be amended to reflect the new thresholds.

### **Database and Supplier Information**

#### **8. Please can you provide, in confidence, a database or list of all companies registered on the SAP Ariba system.**

In 2023 and 2024, Government made at least one payment to e.g. 7,612 unique suppliers over this 2-year period. There are approximately 3,800 suppliers registered on SAP Ariba.

Due to the commercial nature of some of the information included in the report, we provide separately the 7,612 entities which we have transacted with in 2023 and 2024.

The report is included **confidentially** as *PAC Confidential Appendix B-CONFIDENTIAL COMMERCIALLY SENSITIVE 2023 2024 GoJ Supplier List*, within the “2.0 Procurement Review-CONFIDENTIAL Supplemental Appendices” Document.

#### **9. Please could you provide the value of expenditure per company over the past two years.**

The report is included **confidentially** as *PAC Confidential Appendix B-CONFIDENTIAL COMMERCIALLY SENSITIVE 2023 2024 GoJ Supplier List*, within the “2.0 Procurement Review-CONFIDENTIAL Supplemental Appendices” Document.

Information with respect to the top suppliers is already publicly available as Government of Jersey publish details on top 100 supplier expenditure as part of the P56 report which was published in 2021 and 2022. Reports for 2023 and 2024 are due to be published at the end of May.

Publishing the 2023 and 2024 reports has been delayed whilst we leverage our new reporting capabilities. We are working towards r, developing a suite of supplier spend analysis that can be used to inform procurement decisions whilst having access to such data on a *real time* basis.

### **Points System and Evaluation Criteria**

#### **10. We note there is a 10% Social Value (SV) weighting in some cases, but in other cases 5%. Could you clarify how and why this weighting differs between procurements, and on what basis these percentages are decided?**

Since February 2025, a 10% weighting for SV is mandatory. However, in some cases, this percentage is reduced where it can be justified in the associated procurement strategy.

#### **11. What guidance is given to evaluators in awarding marks and is there a standard approach used across all departments?**

Support to Accountable Officers and their teams by way of online advice from the CS intranet is available and additionally within our function we have staff available to support Accountable Officers and their delegates with commercial and procurement advice, when requested.

A best practice scoring approach for Price Elements of a tender response is evaluated on a quantitative basis, Non-Price Elements of a tender response are evaluated on a qualitative basis.

### **Price Element (Quantitative)**

Tenderers' scores in respect of their Price submissions are evaluated based upon the lowest tender price submitted receiving the maximum score for the specific tender (shown below as XX). Each of the other submitted prices will be scored in proportion to the lowest submitted price, as per the formula below:

$$\text{Commercial Submission Score (Maximum XX\%)} = \left( \frac{\text{Lowest Submitted Tender Price}}{\text{Tendered Price}} \right) \times XX$$

### Non-Price Element (Qualitative)

Non-Price Elements of an evaluation are separated into "objective" and "subjective" requirements.

Minimal requirements of Organisational, Compliance, Economic and Financial Standing as well as Eligibility criteria is presented as Government of Jerseys objective requirements. Objective requirements can only be responded to by Tenderers as either "met" or "not met". Examples of objective requirements may relate to required levels of insurance cover- or an accreditation with a specific tender-related qualification such as ISO 27001, which is an international standard for information security management.

Tenderers which fail to meet minimal threshold objective requirements may be excluded from further evaluation.

Requirements which are by nature subjective (such as how a Tenderer proposes to fulfil an outcome) are evaluated in accordance with a table like the example below where a variable score is awarded dependent to the degree which a response meets a requirement.

Non-Price Assessment	Description	Evaluation Score Ranges
Fully meets the requirements	Meets the required standard in all aspects	5
Mostly meets with the requirements	Mostly meets with the required standard with some minor reservations.	4
Generally, meets with the requirements	Generally, meets with the standard in most respects, but is lacking or inconsistent in others to a degree.	3
Fails to meet with the requirements	Falls short of required standard to a material degree or in a number of identifiable respects	2
Significantly fails to meet requirements	Significantly fails to comply the standards required, contains significant shortcomings and is significantly inconsistent with other elements of the Tender	1
Completely fails to meet with the requirement	Completely fails to comply with the requirement or does not provide a proposal in respect of the requirement	0

An overall evaluation exercise example is shown in the table below which combines Objective and Subjective Qualitative and Quantitative aspects transparently.

<b>PROJECT NAME:</b>	<b>[Project Name]</b>			
<b>ITT PUBLISHED DATE:</b>	<b>xx/xx/xxxx</b>	<b>ITT RETURN DATE:</b>	<b>xx/xx/xxxx</b>	
<b>PROCUREMENT NAME:</b>	<b>[PROGRAMME TITLE/Procurement Reference]</b>			<b>Tender Ref No:</b> <b>CS25/01/007</b>
<b>COMMERCIAL LEAD:</b>	<b>[Commercial Officer]</b>	<b>ACCOUNTABLE OFFICER:</b>	<b>[Accountable Officer]</b>	

<b>TENDER ANALYSIS</b>
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Level 0 Criteria	Maximum Available %	Level 1 Criteria	Maximum Available %	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E
Minimal Threshold Requirements	Pass/Fail	PQQ - Supporting Economic and Financial Information and mandatory and subjective grounds for exclusion	Pass /Fail	Fail	Investigate	Pass	Investigate	Fail
		Minimal Capability, Experience and Qualifications	Pass /Fail	Pass	Pass	Pass	Pass	Fail
Non-Price	70%	NPPR 1.0 –Technical Topic 1 (20%)	20.00%	14.29%	17.14%	20.00%	19.29%	0.00%
		NPPR 2.0 –Technical Topic 2 (50%)	50.00%	32.50%	40.00%	45.00%	40.00%	0.00%
		NPPR 3.0 –Technical Topic 3 (15%)	15.00%	11.25%	15.00%	15.00%	15.00%	0.00%
		NPPR 4.0 – Technical Topic 4 (15%)	15.00%	11.25%	11.25%	13.13%	15.00%	0.00%
Non-Price Sub Total			100.00%	69.29%	83.39%	93.13%	89.29%	0.00%
		A. Fixed Price Costs and Other Costs	75.00%	7.65%	26.58%	70.93%	75.00%	0.00%
Price	30%	B. Monthly Extension Fee for NPPR 4.0	15.00%	2.23%	4.89%	15.00%	6.63%	0.00%
		C. Rate Card	10.00%	10.00%	7.55%	7.06%	6.52%	0.00%
Price Sub Total			100.00%	19.87%	39.02%	92.99%	88.15%	0.00%
Total Score	100.00%							

  

FINAL RANK	54.46%	70.08%	93.08%	88.94%	0.00%
	4	3	1	2	5



**12. What weighting is given in procurement decisions for on-island suppliers and non-local suppliers?**

All suppliers are treated equally in procurement decisions, which is in accordance with Jersey's international obligations under several trade agreements, such as:

- World Trade Organization (WTO) membership
- UK-EU Trade and Cooperation Agreement (TCA)
- UK Negotiated Free Trade Agreements (FTAs)

To ensure compliance with these agreements, Jersey must adhere to treat all suppliers equally, regardless of their country of origin, and ensure that procurement processes are open and transparent to all potential suppliers. However, Jersey suppliers are preferred - where either contract values are low (interpreted as being of less interest/inability to be competitive to cross-border organisations) or where "local-only" can be justified in some other way as a criterion. **This is under review in addition to the Sourcing Route Thresholds (Question 6)**

**General Questions**

**13. Once a contract is awarded, what measures are taken to ensure ongoing compliance with contract terms (e.g. performance reviews, inspections)?**

Commercial Services provides guidance which is available online and colleagues which are available to support Accountable Officers or their delegates with commercial and procurement advice, when requested.

**14. How does Commercial Services monitor vendor performance, especially for repeat contracts or framework agreements?**

Commercial Services manage corporate contracts that include purchasing frameworks. Subject to the specifics of the contract (value, sector, complexity, risk etc.), Category Managers ensure proportionate vendor performances measures are in place, e.g. regular meetings, KPIs etc. as stipulated in the contract.

In the case of departmental contracts, Departments are responsible for ensuring their own proportionate vendor management practices are in place, in accordance with guidance published by Commercial Services.

**15. What specific oversight did the Commercial Services Team have in relation to the joint tender process for the ferry contract and how many staff were involved in this work?**

The Department of Economy were the responsible Department for this project. The Accountable Officer requested Commercial Services support in respect of ensuring the tender process complied with the Public Finance Manual and followed Procurement Best Practice. During the project Treasury including Commercial Services assigned up to 4 additional resources to assist with activities. A dedicated Senior CS Category Leader led the CS colleagues and worked with the AO and other external parties, including legal support to support through to contract award and mobilisation.

**16. Beyond the stated percentages, how do you track and report the actual real-world social value outcomes?**

The mandatory inclusion of Social Value as part of the government's evaluation process provides an advantage (which is permissible under our international obligations) to Jersey based suppliers. Suppliers based in Jersey have a real opportunity to offer genuine benefit to our Island community- and importantly may already be doing this as part of being a Jersey based supplier.

This mechanism doesn't expressly exclude off-island suppliers also providing benefit via this route, but it may be more difficult for off-island suppliers to do so.

Commercial Services maintains a register of supplier commitments which are made during a procurement phase and periodically requests information from departments on delivery of social value commitments. These sources inform the annual SV Impact Report, which we will share with the Committee in confidence due to the commercial nature of some of the information included in the report.

The report is included **confidentially** as *PAC Confidential Appendix C- Social Value Impact Report 2024*, within the "2.0 Procurement Review- CONFIDENTIAL Supplemental Appendices".

**17. Are there any formal reviews or follow-up processes to verify that social value commitments have been delivered?**

Please see response to Question 16.

**18. Do you have an internal or external procedure for whistleblowing or reporting procurement irregularities?**

This [Whistleblowing policy for public servants of the Government of Jersey](#) describes how to report on any concerns. The policy is published and available on the Government of Jersey website.

**19. Please can you provide the most up to date version of the breaches register 2024?**

A report on breaches in 2024, which we will share with the Committee in confidence due to the commercial nature of some of the information included in the report.

The report is included **confidentially** as *PAC Confidential Appendix D- WR10723- Breaches Analysis 2024*, within the "2.0 Procurement Review- CONFIDENTIAL Supplemental Appendices".

Yours sincerely,



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