

Procurement by the Government of Jersey

Public Accounts Committee

2nd July 2025

P.A.C.2/2025



Contents

1.	Chair's Foreword	5
2.	Executive Summary	6
3.	Findings and Recommendations	8
3.1	Findings.....	8
3.2	Recommendations.....	11
4.	Introduction	15
4.1	Background and Context	15
4.2	Key issues	15
4.3	How the Committee conducted the review.....	16
4.4	Declaration of Potential Conflicts of Interest	16
5.	Procurement Overview	18
5.1	What is Procurement?	18
5.2	Public Finances Manual.....	18
5.3	Overall Government Expenditure.....	19
5.4	Sourcing Routes	22
5.5	Major Projects.....	23
5.6	Procurement Strategies	24
5.7	Connect Suppliers Ariba	24
5.8	Exemptions and Breaches	27
5.9	Social Value	32
5.10	Economic Value within Procurement	36
5.11	Key Performance Indicators.....	37
6.	Procurement Case Studies	39
6.1	Information Technology Procurement	39
6.2	Joint Ferry Tender Process.....	44
7.	Business Engagement	51
7.1	View of the Business Community.....	51
7.2	PAC Survey Results	59
8.	Charity and Third Sector Engagement.....	62
8.1	View of the Charitable and Third Sector.....	62
9.	Areas for Consideration.....	66
9.1	Commercial Services Team.....	66
9.2	Risk Mitigation in Procurement Practices.....	69
9.3	Use of Contracted Evaluators	72
9.4	Feedback to Unsuccessful Tenderers.....	74
9.5	Future Plans for Procurement Thresholds	75

10.	Conclusion.....	78
11.	Appendix One – Public Finances Manual – Expenditure and Procurement.....	79
12.	Appendix Two - Procurement by Government Departments.....	87
	Overview of Government Departments.....	87
	Cabinet Office	87
	Children, Young People, Education and Skills	88
	Economy.....	88
	Employment, Social Security and Housing.....	88
	External Relations.....	89
	Infrastructure and Environment.....	89
	Health and Community Services	90
	Justice and Home Affairs	90
	Non-Ministerial Departments	91
	Comptroller and Auditor General.....	91
	Judicial Greffe and Viscounts.....	91
	Law Officers’ Department.....	92
	Probation and After Care Service.....	92
	States Greffe.....	92
	Arm’s Length Bodies	93
13.	Appendix Three	94
13.1	Terms of Reference.....	94
13.2	PAC Membership	94
13.3	Public Hearings	96
13.4	Review Costs.....	96

1. Chair's Foreword



Every year, the Government of Jersey spends hundreds of millions of pounds on goods, services, and infrastructure—everything from hospital equipment and IT systems to public transport and care services. How that money is spent matters deeply.

The Public Accounts Committee has carried out a detailed review of how Government departments carry out procurement—the process of buying what they need. We listened to suppliers, reviewed Government data, and held public hearings with officials and business leaders. At its heart, this review asks a simple question: *Is public money being spent wisely, fairly, and in a way that delivers real value for Islanders?*

Procurement in Jersey is built on a strong foundation. The Public Finances Manual and Procurement Best Practice Toolkit sets clear principles around transparency, value for money, and strategic alignment. However, what we found is that these principles are not always reflected in practice.

One message we heard clearly is that the system isn't working as well as it should for smaller local businesses and charities. The process is often too complex and resource-heavy, putting local businesses and charities at a disadvantage. This needs to change. There is real potential for Jersey to deliver more social and economic value, supporting local jobs and encouraging sustainable procurement if the system is made more accessible and consistent. We also believe that more information should be shared with the public. There is currently a Social Value Impact Report, but it is not in the most accessible format publicly. Islanders deserve to see how government spending is helping to meet community priorities, whether that's through job creation, environmental sustainability, or support for the voluntary sector. The Committee recommends the creation of a single point of contact to help charities navigate procurement across different departments. We also want to see local economic contributions, such as tax paid and jobs created, properly recognised when the government decides which supplier to choose.

We also identified major challenges in Government's approach to digital procurement. An overarching IT strategy promised since 2022, with hope to be published shortly. Departments have been managing hundreds of separate projects without a shared roadmap, leading to duplication, inefficiencies, and unclear value for money. Without stronger central coordination and performance tracking, Jersey risks falling behind in delivering effective and secure digital services for Islanders.

The PAC's role is not only to question and challenge, but to support improvement. We believe that with stronger oversight, clearer data, and better engagement, procurement in Jersey can become a real driver of value and community benefit. This report doesn't just highlight problems it offers solutions. We've made 19 practical recommendations to make the system fairer, simpler, and more transparent. These include better support for small businesses, clearer reporting on value for money and social impact, and stronger oversight of high-risk contracts particularly in digital and joint procurement areas. I want to thank all the officers, businesses, charities, and members of the public who contributed to this review. We hope this report helps move the conversation forward.

Deputy Inna Gardiner
Chair, Public Accounts Committee

2. Executive Summary

The Public Accounts Committee (PAC) has conducted a thorough review of the Government of Jersey's procurement practices. The review reveals a complex landscape of procurement activity, with significant expenditure, a number of operational inefficiencies, and challenges that affect transparency, accountability, and inclusivity.

Government procurement expenditure reached £444.8 million in 2024, slightly down from £457.3 million in 2023. Notably, just over half of this spend (51.6%) was directed to on-island suppliers. However, the inclusion of payments for unavoidable utilities such as Jersey Electricity and Jersey Telecoms within procurement totals has raised concerns about the clarity of reporting. The PAC recommends that these utility payments be reported separately to provide a more accurate reflection of procurement activity.

The procurement process itself is marked by a high volume of low-value transactions, with over 105,000 purchase orders under £1,000 submitted between January 2023 and June 2024. The PAC also were provided with total transactions within the four main sourcing routes for procurement activity during this period:

Sourcing Route	Number of Purchase Orders
£0 - £1,000	105,681
£1,001 - £25,000	30,268
£25,000 and £100,000	1,959
£100,000+	506

The Government uses the Connect Suppliers ARIBA system for purchase orders, which, while structured around corporate contracts and frameworks, has been criticised in some instances for being overly complex and difficult to navigate particularly for small and medium-sized enterprises (SMEs) and charities who may not have the resources to effectively bid for work. The PAC recommends the introduction of a simplified SME tender track or light-touch submission process for contracts below £100,000 to assist SMEs who have limited resources to submit quotes for works/contracts.

Procurement breaches have been identified as an area of concern for the PAC, with 142 recorded in 2024 alone. These breaches are often attributed to poor planning, and there is a lack of clarity around how officials are held accountable when these occur. The PAC calls for stronger enforcement of breach reporting, including investigations for breaches over £25,000 and integration of breach accountability into performance appraisals for Accountable Officers and officers responsible for procurement activity. These measures aim to foster a culture of responsibility and continuous improvement.

Social value considerations in procurement had previously been inconsistently applied, with weightings varying between 5% and 10%. Although this has now been standardised at 10%, the PAC found that the documentation of social value in procurement strategies is not as detailed as it could be and lacks narrative or outcome-based metrics. The PAC recommends enhancing these strategies to include detailed narratives and aligning them with the Island Outcome Indicators and the Future Jersey Vision. Additionally, the PAC urges the Government to make social value reporting more transparent and publicly accessible. Additionally, the economic contributions of SMEs—such as job creation and tax revenue—are not currently factored into procurement scoring, which the PAC recommends addressing where possible.

The review also highlights the absence of an overall Digital Strategy, although this is due to be brought forward in 2025. Historic IT procurements have been made without alignment to a

broader strategic vision, resulting in inefficiencies and risks. Although the number of active IT projects has been reduced from over 330 to around 100, the selection process lacks transparency and consistency. There are no standard Key Performance Indicators (KPIs) or feedback mechanisms for IT supplier performance. The PAC recommends developing a corporate-level project selection framework and implementing performance monitoring tools.

Strategic oversight by Commercial Services is another area of concern. While the team provides advice on procurement best practices, it lacks a clearly defined role in overseeing high-risk tenders where there is a risk of reputational damage to Government. The PAC recommends clarifying this role and setting thresholds for when strategic oversight is required. It is the view of the PAC that the Commercial Services team should provide strategic oversight and advice to departments of the frameworks to be used within the tender process. It should also undertake research on best practice examples from other jurisdictions to inform the process. This is particularly relevant in light of the unsuccessful joint ferry tender process, which lacked shared decision-making mechanisms. A lessons-learned exercise and benchmarking against UK and EU practices are recommended to guide future joint procurement efforts.

Local businesses and charities have reported a number of barriers in engaging with the Government's procurement processes. Representative bodies for local business have reported that the process is overly complex, feedback is insufficient, and support is lacking. Charities face similar issues, compounded by short-term funding cycles and the need to negotiate multiple contracts across departments in some instances. The PAC recommends a range of measures to address these issues, including simplified tender processes for SMEs, enhanced training and support for ARIBA users, and the introduction of a single point of contact for charities.

The capacity of the Commercial Services team is also an area for concern for the PAC. The team has limited resources and occasionally must rely on additional external capacity to assist it with its ongoing work, especially in relation to larger scale tenders. The PAC calls for an urgent review of the team's capacity and scope, with consideration given to lifting the recruitment freeze to fill critical roles.

Finally, the PAC emphasises the importance of stakeholder and supplier engagement. Feedback from unsuccessful bidders is inconsistently provided, and local businesses and charities feel excluded from consultations on procurement policy changes. The PAC recommends regular engagement with these groups, the roll out of a planned a supplier survey to identify challenges, and the publication of consultation findings to ensure transparency and inclusivity.

3. Findings and Recommendations

3.1 Findings

FINDING 1

Overall Government expenditure on procurement related activity totalled £444.8 million in 2024 and £457.3 million in 2023. This is broadly split 50/50 between on-island suppliers and off-island suppliers, with 51.6% of spend being on Island in 2024.

FINDING 2

The Government of Jersey includes spend on utilities (i.e. Jersey Telecoms and Jersey Electricity which have been noted as being in the top 10 suppliers in 2023 and 2024) within its overall procurement figures.

FINDING 3

Government purchase orders are submitted through five sourcing routes of differing values. The data provided to the PAC covers the period January 2023 to June 2024 as follows:

Sourcing Route	Number of Purchase Orders
£0 - £1,000	105, 681
£1,001 - £25,000	30,268
£25,000 and £100,000	1,959
£100,000+	506

FINDING 4

The Government of Jersey utilises the Connect Suppliers ARIBA system to purchase goods and services through corporate contracts and purchasing frameworks. These are established through demonstrating a business need and are required to be used by Government employees when purchasing goods and services. Purchasing frameworks have been established in several key areas, including personal protective equipment.

FINDING 5

There were a total of 142 procurement breaches in 2024 across the Government of Jersey departments recorded by the Commercial Services team.

FINDING 6

The majority of breaches identified by Government are reportedly a result of poor planning on the part of the department or project undertaking the procurement exercise. The general approach to addressing breaches is to work towards future prevention, although repeated breaches in the same area may require further escalation. The PAC is not clear on how Accountable Officers or officials are held to account for breaches under the various processes which are in place.

FINDING 7

Procurement breaches are not reported publicly, and a register is maintained by Commercial Services where departments have reported a breach. The PAC notes that this register is updated when a breach is disclosed but is not clear on who reviews this list or checks to ensure its completeness and accuracy.

FINDING 8

The PAC found variations in the Social Value weighting in procurement decisions. Some were set at 5% and some at 10% by the Government of Jersey. This has now been amended to a standard 10%.

FINDING 9

Within procurement strategies there is a requirement to document the social value that is attached to that specific procurement. Upon reviewing procurement strategies provided to it, the PAC has found that this appears to be recorded in a simple format which does not provide any further narrative over the economic, environmental or social value being achieved.

FINDING 10

Initial work has been undertaken to review changes implemented by the UK Cabinet Office on reserving procurements by supplier location. This is to enable economic value to come through within the procurement process in a particular area. In a Jersey context, this would include being able to target on-Island procurements. This is, however, still in its early stages.

FINDING 11

Commercial Services maintains a register of supplier commitments which are made during the procurement phase and periodically requests information from departments on delivery of social value commitments. The PAC has not been made aware of the frequency of these reports, how regularly these requests are put forward to the departments and how outcomes are tracked.

FINDING 12

There is an internal social value report which outlines the commitments and benefits arising from social value commitments within procurements and summary of the Social Value Impact Report is featured in the sustainability section of the Annual Report and Accounts.

FINDING 13

The contribution of small to medium businesses to the economy in terms of tax and job creation is not factored into the scoring for the procurement process.

FINDING 14

The Government of Jersey procurement thresholds are broadly similar to those used by the Crown Commercial Services; however, they provide more flexibility given the difference in jurisdictions. Work is ongoing to review these in line with changes being made by the UK Cabinet Office alongside recommendations of the National Audit Office to align best practice.

FINDING 15

In the absence of an overarching IT strategy, there is a continued risk to Government arising from historic procurements in the IT space which have not been implemented in line with an overall strategic vision.

FINDING 16

The PAC found that the original number of active Information Technology related projects (approx. 330+ active projects) has been reduced to circa.100 in order to address the risk of 'overtrading'. Furthermore, there is a lack of clarity regarding the selection process for the 100 projects and the value they offer, and the PAC found that the process used to prioritise IT projects was separately undertaken by each department.

FINDING 17

In respect of Information Technology procurement, the PAC has found that there are no mechanisms for reporting back to departments on the performance of suppliers at present and no KPIs or frameworks that may exist in this regard. Although, this may be contained within the IT strategy which is yet to be produced.

FINDING 18

The Accountable Officer holds ultimate responsibility for a tender process; however, Commercial Services provide advice on best practice in line with the agreed procurement strategy and processes. The PAC would, however, expect to see further strategic oversight from Commercial Services in significant processes where there could be reputational risk to Government and clarity over the threshold that would require this additional oversight.

FINDING 19

In respect of the joint ferry tender process, no models were used from other jurisdictions that may have carried out a joint procurement process to inform how best to work together to achieve an overall outcome.

FINDING 20

Suitable mechanisms were not put in place for a joint decision-making process in the joint ferry tender process, with each jurisdiction responsible for conducting its own scoring and evaluation of the bids received.

FINDING 21

Local business representatives have raised concern over the procurement process being overly complex and involving numerous steps and extensive documentation, which have been identified as being daunting for small and medium-sized enterprises (SMEs) who may not have the resources to compete effectively. This complexity can deter businesses from participating, as they may lack the resources to navigate the process effectively.

FINDING 22

Inadequate training and support of systems like SAP Ariba was highlighted in submissions as being problematic for local businesses. The PAC also received feedback that the Ariba system is not user-friendly, especially for smaller businesses that may lack technical expertise. The complexity of the system and the lack of immediate support was also highlighted in making it difficult for smaller businesses to navigate the procurement process which could lead to them missing out on opportunities, and in turn affect the local economy.

FINDING 23

Whilst there have been some instances of engagement between Government and local business/charities to highlight the potential opportunities through the procurement process, the PAC has found that this is happening on a more ad hoc basis, rather than a more co-ordinated and planned basis.

FINDING 24

The PAC has received evidence from the charitable sector which highlighted concerns with the current short-term funding cycles that existed between Government and charities. It also found that some charities found the Ariba system difficult to navigate, leading to delays in invoice processing and significant administrative burdens. A lack of dialogue between charities and Government and that no formal conversation had taken place to address these concerns, though plans are in place to organise discussions was also raised. Charities have already offered recommendations for improvements which Government are due to respond to.

FINDING 25

Charities which provide services to several departments are required to negotiate separate contracts with each department, rather than one overall contract with Government.

FINDING 26

The charitable sector has highlighted a need for Government to provide more training and support to help charities navigate procurement processes and become confident suppliers. It has also noted that lowering the threshold for social value contributions in procurement contracts would allow more charities to compete effectively.

FINDING 27

The Interim Director for Commercial Services highlighted limited capacity in the Commercial Services team as a risk.

FINDING 28

External consultants are sometimes brought in by the Commercial Services team to provide additional expertise for large scale tender projects. Whilst there is no set threshold where this would be applied, this often tends to be where there is a lack of internal expertise in a certain area. A recent example of this was in relation to the ferry tender process.

FINDING 29

The evidence received by local business representatives and the Commercial Services team appears to differ as to whether feedback is routinely provided to unsuccessful tenderers after the process has taken place. It was highlighted in submissions that this lack of feedback prevents businesses from understanding their shortcomings and improving future submissions and tender processes. Whilst there are policies in place to stipulate the need to provide feedback, the PAC is concerned that this may not be the case in practice.

FINDING 30

A review has been undertaken to identify whether the current thresholds for sourcing routes are appropriate and whether consideration should be given to amending them. There have, however, been no recommendations made. Consultation on any proposed changes has not been undertaken with local businesses although this is intended to be undertaken.

3.2 Recommendations

RECOMMENDATION 1

The Government of Jersey should report expenditure on unavoidable utilities payments to the States owned entities (i.e. Jersey Electricity) separately to that of overall procurement expenditure to provide a more accurate picture of where spend is being made from procurement activity. This should be implemented by Quarter Four 2025.

RECOMMENDATION 2

The Government of Jersey should continue to monitor the implementation of the guidance surrounding breaches to ensure it is being followed throughout the organisation. This guidance should also be updated to include clear information on how officials will be held accountable for breaches in procurement practices.

RECOMMENDATION 3

The Government of Jersey should implement a requirement for any breaches on procurements above the £25,000 threshold to be investigated by the relevant Accountable Officer for the department in which it occurred (or in the case of an Accountable Officer the Chief Executive) which documents the reasons why the breach occurred, actions taken to

mitigate future breaches and the consequences of the breach included within performance appraisals. This procedure should be implemented by the end of 2025.

RECOMMENDATION 4

The Chief Executive Officer should ensure that departmental procurement breaches are included and discussed with Accountable Officers as part of their ongoing appraisal process. This should be implemented as part of the end of year review for 2025 and then included at all stages of the appraisal process from 2026 onwards and procurement breaches should be reviewed by the Risk and Audit Committee on a half yearly basis.

RECOMMENDATION 5

The Commercial Services team should continue to review the changes in the UK on reserving procurements by supplier location with a view to implementing this in a Jersey context. This should be with a view to updating the scoring criteria used within the procurement process to give additional points to local businesses where they are able to demonstrate economic and social value through job creation and tax paid back to the Government. However, this should be in line with accepted international agreements and thresholds where applicable.

RECOMMENDATION 6

- Government should update the Procurement Strategies to include a narrative-based consideration of the various social value impacts attached to a particular procurement or tender. This should also provide evidence of outcome-based measures as to how the procurement will relate directly to the Island Outcome Indicators and Future Jersey Vision.
- Clarify the timescale for periodic reporting on delivery of social value commitments. If this is not undertaken on a regular basis, then it should seek to mandate quarterly reporting from departments on the delivery of social value commitments.
- Make a version of the annual Social Value report publicly available to enhance transparency around how social value commitments are being met through the procurement process in the Annual Report and Accounts 2025.

This should be implemented by the end of Quarter Two 2026.

RECOMMENDATION 7

The Government of Jersey should ensure that procurement practices are benchmarked against metrics used in the UK and that any gaps identified within current practices are updated as a matter of priority.

RECOMMENDATION 8

In respect of Information Technology Procurement, the Government of Jersey should:

- Consider the development of a project selection criteria for prioritising Information Technology programmes on a corporate level.
- Establish standard supplier performance KPIs, monitored centrally by the Digital Services Team and shared with departments to ensure that there is a clear line of accountability for the delivery of Information Technology procurements given the scale of investment within this area by Government.
- Implement all the learnings set out by the Comptroller and Auditor General on effective procurement within the Learning from Previous IT Implementations – A Thinkpiece report.

This should be implemented by the end of Quarter Two 2026.

RECOMMENDATION 9

The Government of Jersey should clarify the role of Commercial Services within future significant tender processes that carry a reputational risk, including a clear threshold over which they would be required to maintain oversight. This should be completed by the end of Quarter Four 2025.

RECOMMENDATION 10

The Government of Jersey should urgently undertake a 'lessons learned' exercise in respect of the failed joint tender process for the ferry contract to provide assurance over the steps to be taken during future joint tender situations/contracts. This should be completed and presented to the Public Accounts Committee by the end of Quarter Four 2025. It should also conduct a benchmarking exercise against the UK or EU and identify joint procurement case studies for bi-jurisdictional tenders to use as examples when planning future joint procurement ventures. The PAC also recommends implementing this in collaboration with Guernsey counterparts. This should be completed by the end of Quarter Two 2026.

RECOMMENDATION 11

The Government of Jersey should seek to implement a simplified SME tender track or light-touch submission process for contracts below £100,000 to assist SMEs who have limited resources to submit quotes for works/contracts. This should be implemented by the end of Quarter Two 2026.

RECOMMENDATION 12

The Government of Jersey should establish plans for:

- Supplier onboarding drop-in sessions and a dedicated helpline for SAP Ariba use which offers First Line Support with sufficient knowledge and authorisation to be capable of addressing most issues immediately and without escalation to second level support. These should be implemented by the end of Quarter Two 2026.
- A clear plan for increasing the visibility of the pipeline of work that is available to local suppliers which should be published on the Government website and regularly updated. This should be completed by the end of Quarter Two 2026.

RECOMMENDATION 13

The Treasurer of the States and Commercial Services team should seek to regularise meetings with local business representative bodies and representatives from the charitable sector to discuss challenges and barriers to SMEs/Charities seeking to engage with Government in the procurement process. This should be done to identify improvements that could be made to the processes to ensure local businesses/charities of all sizes are able to effectively engage within the procurement process.

RECOMMENDATION 14

The Commercial Services team should bring forward the intended survey of local suppliers to understand the challenges they are facing within the procurement process (as well as use of the Connect Suppliers ARIBA system) as a matter of priority during 2025 with a view to reporting by the end of Quarter Four 2025. The findings of this work should be reported to the PAC with a clearly defined action plan for addressing recommendations identified from the survey results.

RECOMMENDATION 15

Where a charity is providing services across more than one department with separate contracts, the Government of Jersey should seek to introduce a single point of contact, from within existing resources, which can assist charities in the negotiation and renewal of contracts. This will assist charities in providing a single point of contact and provide better value for money for Government. This should be put in place by the end of Quarter One 2026.

RECOMMENDATION 16

The Government of Jersey should review the current funding cycles for charities with a view to moving towards a guaranteed 3-year funding cycle. This will assist charities in terms of financial security and also feed into the long-term vision for Government services to the public. This should be completed in time for inclusion in the Budget 2027 – 2030.

RECOMMENDATION 17

The Government of Jersey should undertake an urgent review of the capacity and scope of the Commercial Services team to ensure it is able to adequately provide the functions it is stated to deliver. This should be completed by the end of Quarter Three 2025. Consideration should also be given to the impact of the current recruitment freeze and whether this is required to be lifted to fill roles within the team where there is a risk to the function of the section.

RECOMMENDATION 18

The Commercial Services team should ensure that all departmental officers tasked with providing feedback for unsuccessful tenderers are provided with a refresher update on the processes to be followed when providing feedback to ensure that this is being routinely done in a consistent manner. This should be completed by the end of Quarter Four 2025.

RECOMMENDATION 19

When considering potential changes to sourcing route thresholds, the Commercial Services team should ensure that there is wide ranging consultation with local businesses and the charitable sector to ensure their views are integrated into any potential changes. This work should be completed by the end of Quarter One 2026 with a report produced of the key findings from the consultation.

4. Introduction

4.1 Background and Context

1. Procurement within the Government of Jersey encompasses a broad range of services and outcomes, all aimed at improving the quality and effectiveness of public services delivered to Islanders. Where a Government of Jersey department is unable to provide a service or programme itself, it typically looks to external suppliers or contractors to provide this service. The procurement process has been used to provide services including:
 - Use of external consultants
 - Major and Strategic Projects, including Capital Projects
 - Procure to Pay Systems SAP S4 Hanna and Ariba to pay and receive invoices.
 - Contingency labour, including locum and agency staff to support various government departments and services.
 - Third sector commissioned services.

4.2 Key issues

2. Jersey's Public Finance Manual provides clear rules and principles for procurement within the Government and mandates that procurement must be:
 - (a) transparent, fair and value driven.
 - (b) aligned with strategic priorities and wellbeing objectives,
 - (c) governed by strict oversight, tendering rules, exemption protocols and risk management and
 - (d) is subject to ongoing scrutiny and improvement by audit and oversight bodies.

This report addresses point (d) of this requirement. The Public Accounts Committee (PAC) wished to understand what processes are currently in place, how effective these are and whether they are simple to operate for both the Government of Jersey and suppliers and businesses that engage with Government, offer services on behalf of Government (e.g. business community/third sector), and whether these processes achieve value for money.
3. Procurement covers major and strategic projects (including capital projects) that are undertaken by the Government of Jersey. Examples in recent times include the New Health Care Facilities Programme, Digital Services (formerly Modernisation and Digital) programmes (including the Integrated Technology Solution). Previously the C&AG has issued several recommendations, and this review examines how far Government has gone in implementing these recommendations.
4. Consultant spend by the Government of Jersey must be reported to the States Assembly through the decision taken around P.59/2019 every six months. Whilst this has been undertaken, the frequency of the reporting (every 6 months) on consultant spend has not been met for some time. In 2023 there was a delay due to a change of system change and subsequent resource prioritisation against value within 2024. The PAC has, however, still not seen updated reporting for 2024 or 2025. Concerns have been raised around the difficulty of collating information relating to the use of consultants and the significant officer time that is required to compile this information.

5. Management information collected in relation to the use of consultants varies and a recent C&AG report (Use of Consultants) following up on this matter identified that improvements needed to be made in this regard. Concern was raised in response to this report that management information across Health and Community Services (HCS) and Children, Young People, Education and Skills (CYPES) is not being included in currently planned improvements, despite HCS having one of the largest spends on consultants across the government departments, however this was also noted as being a misunderstanding which has been clarified with the C&AG. Concern has also been raised by Government about the value of this reporting process due to limited interaction from the public with this information when made publicly available.

4.3 How the Committee conducted the review

6. At the outset, the Committee wrote to the Chief Executive Officer with initial questions about the procurement process and received a briefing from the Treasurer of the States in order to understand the current processes further. Further information was also requested from Commercial Services about procurement levels, costs and various matters such as risk mitigation and policies.
7. Following this, the PAC sought written confirmation from the Commercial Services team requesting details of procurement activity from each of the Accountable Officers in charge of government departments (including non-ministerial departments and Arm's Length Bodies) over 2023 and 2024. Noting that this was undertaken over summer 2024, the period covered by the data request was from January 2023 to the end of June 2024. The PAC also wrote to local business and charitable sector representative bodies and received responses from Chamber of Commerce, Institute of Directors, the Jersey Construction Council and Association of Jersey Charities highlighting their views on the current procurement processes. The PAC also conducted a survey of businesses that supplied to Government and businesses that did not supply to government to gather their views on the processes in place.
8. The PAC held four public hearings as part of this review. The first was a joint hearing with local business representatives who had made submissions to the PAC's review (Chamber of Commerce, Institute of Directors and Jersey Construction Council). Two hearings were held with Accountable Officers, namely the Chief Officers for Economy and Infrastructure and Environment to discuss the joint ferry tender process, and the Chief Information Officer and Interim Director of Commercial Services to discuss Information Technology Procurement. Finally, a hearing was held with the Treasurer of the States and Interim Director for Commercial Services to discuss matters raised from the range of evidence received.

4.4 Declaration of Potential Conflicts of Interest

9. Deputy Inna Gardiner declared that she owned a boutique travel agency that provided local tours for tourists. It was noted that this did not constitute a serious conflict of interest, however, in the context of examining the ferry tender process it was deemed appropriate to disclose this. It was also noted that this was disclosed on Deputy Gardiner's declaration of interests on the States Assembly Website.
10. Deputy David Warr noted that he is the owner of Coopers Coffee Shop Limited and that this company was a registered supplier to Government. It was agreed that Deputy

Warr would disclose this information and not participate in questioning of local businesses or the SAP Ariba system.

11. Mr Glen Kehoe (Lay Member) noted that he was currently a supplier to Government within one specific area relating to Information Technology. It was agreed that he would not participate in any questioning in relation to IT procurement.
12. Mr. Vijay Khakhria (Lay Member) noted that he was a member of the Institute of Directors. It was agreed that, given his membership of this body, Mr. Khakhria would not take an active role in questioning the representatives from the Institute of Directors during the public hearing held on 29th January 2025.

5. Procurement Overview

5.1 What is Procurement?

13. **Procurement** is 'the process of sourcing a solution to a need'. Procurement therefore is all the activity associated with obtaining the **Goods, Works, or Services** that the Government needs to support its operations.¹



14. There are two key documents which outline the processes to be followed when engaging within the procurement process within the Government of Jersey. Firstly, the Public Finances Manual sets out the requirements and principles in relation to expenditure and procurement.² Secondly, the Commercial Services Team has produced a 'Procurement Best Practice and Procedures: User Guide and Toolkit (hereafter 'User Guide and Toolkit').³ The next two sections of the report will outline the principles laid out in the Public Finances Manual and provide an overview of the sourcing routes and relevant requirements within the User Guide and Toolkit.

5.2 Public Finances Manual

15. The following principles are set out within the Public Finances Manual in relation to any expenditure and procurement activities undertaken by the Government of Jersey:

- All expenditure should be incurred in accordance with approved Schemes of Delegation.
- All expenditure should be furthering the Strategic Priorities for which the funding was allocated by the States Assembly.
- Accountable Officers should primarily seek to obtain value for money at all times and be able to justify all expenditure within their areas of appointment.
- Accountable Officers should ensure that all procurement processes are open, fair, transparent, and follow the requirements of all international obligations applicable to the Government of Jersey.
- All expenditure should be appropriately funded, authorised, recorded and coded.
- All expenditure should be approved in advance of goods, works and/or services being received, utilising approved Government/States of Jersey systems and payment should only be made when the supplier has been fully on-boarded and not in advance of receiving the goods, works and/or services without prior approval.
- All expenditure should be subject to segregation of duties control i.e. no one officer should be able to raise an order, receipt the goods, works or services received, and approve payment of the invoice.
- All commitments to incur expenditure should have sufficient expenditure approvals in advance to be able to meet those commitments (except as permitted by the long-term contractual agreements or Pre Orders paragraphs in this section).
- Accountable Officers should take into account the sustainable wellbeing (including the economic, social, environmental and cultural well-being) of the

¹ Procurement Best Practice and Procedures: User Guide and Toolkit

² [Public Finances Manual](#)

³ Procurement Best Practice and Procedures: User Guide and Toolkit

inhabitants of Jersey over successive generations when making expenditure and procurement decisions.

- Budgets should not be overspent at a Director/Service level. Accountable Officers should explain why this has occurred to the Treasurer of the States on request.
- Employees should not use their position as an employee to benefit personally from States or Government expenditure.⁴

16. Appendix one of this report provides the full section within the Public Finances Manual that relates to expenditure and procurement. The following link to the [Public Finances Manual](#) can also be used.

5.3 Overall Government Expenditure

17. The PAC was provided with the following information in relation to the total spend by Government in procurement related activity across 2023 and 2024.⁵

2023	£457,389,896
2024	£444,884,862

18. The following caveat was also provided in relation to how this information was presented for the purposes of the PAC's request:

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.⁶

19. A further breakdown was also provided of the split between on and off Island suppliers in relation to the figures provided above:⁷

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

20. It should be noted that there is a rough 50/50 split between services procured on Island and those procured off-island.

21. The PAC was also provided with the total expenditure across the top 10 on island suppliers (noting this may include more than one contract) across 2023 and 2024:⁸

⁴ [Public Finances Manual](#)

⁵ Letter – Interim Director Commercial Services – 6 May 2025

⁶ Letter – Interim Director Commercial Services – 6 May 2025

⁷ Letter – Interim Director Commercial Services – 6 May 2025

⁸ Letter – Interim Director Commercial Services – 6 May 2025

On-island Supplier:	£ (2023)
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

On-island Supplier:	£ (2024)
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

22. The PAC notes from the information provided above includes amounts paid to State-owned entities (e.g., JT, JE). It is the view of the PAC that these amounts are essentially unavoidable bills and payments for required services (i.e. electricity, phone and Internet) and therefore could potentially conflict with principles of fair procurement. Including these figures in procurement spend metrics may misrepresent true procurement activity and potentially limit fair competition. The PAC would question whether exemptions should apply in this instance to provide a figure which is a separation of procurement activity and payments to suppliers for utilities.

FINDING 1

Overall Government expenditure on procurement related activity totalled £444.8 million in 2024 and £457.3 million in 2023. This is broadly split 50/50 between on-island suppliers and off-island suppliers, with 51.6% of spend being on Island in 2024.

FINDING 2

The Government of Jersey includes spend on utilities (i.e. Jersey Telecoms and Jersey Electricity which have been noted as being in the top 10 suppliers in 2023 and 2024) within its overall procurement figures.

RECOMMENDATION 1

The Government of Jersey should report expenditure on unavoidable utilities payments to the States owned entities (i.e. Jersey Electricity) separately to that of overall procurement expenditure to provide a more accurate picture of where spend is being made from procurement activity. This should be implemented by Quarter Four 2025.

5.4 Sourcing Routes

23. There are five sourcing routes set out within the User Guide and Toolkit for how Government of Jersey officials should undertake the relevant procurement activity. These are set out below and the relevant steps provided within the following table:

Table 1. Table showing minimum requirements for each Sourcing Route

Sourcing Route	Threshold	Process	Need Justified	Procurement Strategy	Evaluation Panel	Evaluation Criteria	Advertise	RFQ / ITT	Evaluation Process	Due Diligence	Recommendation to Award Report	Contract	Contract Management
1	£0-£1,000												
2	£1,001-£25,000	1-3 Quotes	Evidence						Yes	Evidence		PO	Review
3	£25,001-£100,000	Min 3 Quotes	Evidence	Recommended	Yes	Agreed method		RFQ	Yes	Evidence	Recommended	Signed	Review
4	£100,001+	Full Tender	Evidence	Approved by AO & DCS	Yes	Scored & weighted	Portal	ITT Portal	Yes	Evidence	AO & DCS Approval	Signed	Formal Reviews
5	Consultants (Over £25k)	As per Group value	Evidence	Approved by AO DCS £100k+	Yes	Scored & weighted	As per Group value	As per Group value	Yes	Evidence	AO & DCS Approval	Signed	Formal Review

24. The PAC was provided with the total number of transactions within each sourcing route from all Government departments (and non-ministerial, although these are not included in the figures below) between January 2023 and June 2024 as follows (further details of these figures can be found at Appendix Two of the report):

Sourcing Route	Total Number of purchase orders (Jan 23 – Jun 24)
£0 - £1,000	105,681
£1,001 - £25,000	30,268
£25,001 - £100,000	1,959
£100,000+	506
Consultants (over £25,000)	Not provided

FINDING 3

Government purchase orders are submitted through five sourcing routes of differing values. The data provided to the PAC covers the period January 2023 to June 2024 as follows:

Sourcing Route	Number of Purchase Orders
£0 - £1,000	105, 681
£1,001 - £25,000	30,268
£25,000 and £100,000	1,959
£100,000+	506

5.5 Major Projects

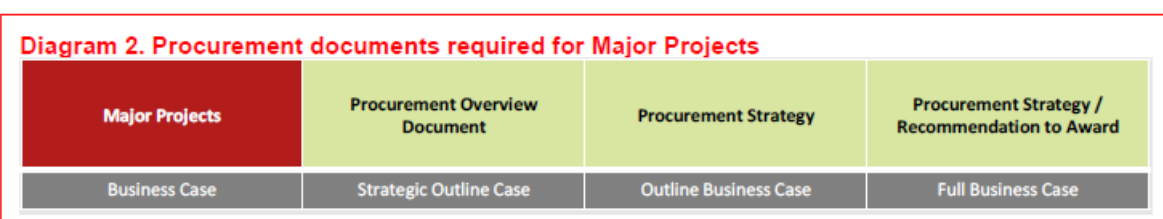
25. Within the User Guide and Toolkit, there is a specific section provided for in relation to Major Projects. A Major Project is defined in the Public Finances Manual as:

- a major capital project the duration of which, from start to finish, is planned to be of more than one year with a total estimated cost of more than £5 million; or
- a project that has been designated as a major project in an approved government plan.⁹

26. There are three supporting documents that are required to be completed when drafting a business case for a Major Project to support the Commercial Case for the project, namely:

- Procurement Overview Document (POD)
- Procurement Strategy
- Recommendation to Award¹⁰

27. The diagram below shows the relationship of each of these documents to the relevant Business Case, under the Government's own project governance structure. Each of these three documents should be approved by Commercial Services and follow the Major Project governance structure.¹¹



28. The following section provides a summary of what is required to be included in each of the relevant sections as outlined above:¹²

Procurement Overview Document (POD)

- Provides an overview of the proposed procurement activity.
- Outlines objectives, scope, and approach.
- Ensures alignment among all involved parties from the start.

Procurement Strategy

- Details the approach, intention, and plan for the procurement activity.
- Ensures consideration of all relevant factors when spending public funds.
- Aims to meet the needs of the Island and its residents.
- Identifies the best outcomes for the Government, considering commercial options and optimizing social value.

Recommendation to Award Report

- Supports assessment and approval of procurement recommendations.
- Captures key information: evaluation process, supplier involvement, outcomes, and benefits.

⁹ [Public Finances Manual](#)

¹⁰ Procurement Best Practice and Procedures: User Guide and Toolkit

¹¹ Procurement Best Practice and Procedures: User Guide and Toolkit

¹² Procurement Best Practice and Procedures: User Guide and Toolkit

- May require updates to the Procurement Strategy at the Full Business Case stage, depending on completed procurement activities.

5.6 Procurement Strategies

29. The Procurement Strategy sets out the proposed approach, intention and plan for any impending procurement activity by Government. It is required to be completed for any procurement activity that reaches sourcing routes 4 and 5 (where over £25k) as outlined above.¹³ The purpose of the document is to ensure due consideration of all relevant factors when spending public funds and provide visibility on how to best meet the needs of the Island and its residents. It is intended to identify the best outcomes for the Government through consideration of the commercial options and how social value can be optimised through expenditure.¹⁴
30. A copy of the template for the procurement strategy document can be found at appendix three of this report.
31. The PAC requested copies of a small number of procurement strategies during its review to understand how they were formatted and how information was presented. These specific documents were provided in confidence given the commercially sensitive nature of them; however, the PAC was able to ascertain a view of the nature of the documents. The document itself is set in a specific format which would be used for all types of procurements for sourcing route 4. It would question how these can be better adapted to provide clarity around lower and higher-level procurements.

5.7 Connect Suppliers Ariba

32. Connect Suppliers Ariba (hereafter 'Ariba') is the module of the Connect System that is used by the Government to purchase goods, works and/or services from pre-agreed contracts established by Government that have secured preferential pricing and include (amongst other things), volume discounts, agreed contractual terms, scope and supply arrangements as well as to pay suppliers.¹⁵ All Government staff are required to use this programme.¹⁶
33. A Corporate Contract is a pre-agreed contract established by the Government that has secured preferential pricing and includes (amongst other things) volume discounts, agreed contractual terms, scope and supply arrangements¹⁷. The main function of the Ariba system and corporate contracts is to avoid time and cost duplicating effort and seeking an alternative when there is an option in place with agreed terms and prices.¹⁸ Where a corporate contract has been established by Commercial Services, government officials are mandated to utilise these agreements.¹⁹ Corporate Contracts include both catalogues; and purchasing frameworks.
34. If there is a legitimate reason for not using a Corporate Contract, the person conducting the relevant procurement must complete an exemption in advance (seeking approval in line with the procedures set out in relation to exemptions).²⁰ A breach form should

¹³ Procurement Best Practice and Procedures: User Guide and Toolkit

¹⁴ Procurement Best Practice and Procedures: User Guide and Toolkit

¹⁵ Procurement Best Practice and Procedures: User Guide and Toolkit

¹⁶ Procurement Best Practice and Procedures: User Guide and Toolkit

¹⁷ Procurement Best Practice and Procedures: User Guide and Toolkit

¹⁸ Procurement Best Practice and Procedures: User Guide and Toolkit

¹⁹ Procurement Best Practice and Procedures: User Guide and Toolkit

²⁰ Procurement Best Practice and Procedures: User Guide and Toolkit

also be completed if the procurement has been completed prior to gaining an exemption.²¹

35. If a department plans to establish a Corporate Contract it will be required to demonstrate a clear business need for doing so. This requires evidence of the needs of the directorate or department at various times during the proposed term of the Corporate Contract, and how it will administer the Corporate Contract.²² Dependent on the anticipated value of spend that it is proposed (e.g. over £25,000), this will also require a Procurement Strategy to be prepared, signed and approved by the Commercial Services Approvals Board. Finally, the establishing of the Corporate Contract may also require an exemption to be approved.²³
36. The following information was also provided to the PAC in relation to catalogue suppliers:

Catalogue Suppliers are Preferred Suppliers.

Catalogues of Goods and Services, from which you simply buy, are available and cover a variety of different scope items. These are available directly on the Connect Suppliers Ariba portal. These Catalogues have pre-agreed prices and terms, which facilitate you being able to directly raise a Requisition Order.²⁴

37. Catalogue use is mandatory across all Government departments and directorates. Each Catalogue includes an assortment of priced items that may be requisitioned by a Government department in accordance with the respective catalogue supply contract and service levels.²⁵ Catalogue orders are processed and supplied through the SAP Ariba portal and only processed when the requisitioner has a budget to pay for the goods/and or services. Once the requisition is processed and released to the supplier there is no further need for any other approvals.²⁶
38. The PAC was also provided with the following information in relation to operation of Purchasing Framework Suppliers:

Purchasing Framework Suppliers are Preferred Suppliers.

A Purchasing Framework is an "agreement to agree". The use of a Purchasing Framework allows the Government to pre-agree common terms and conditions (such as price, scope or specification) for a particular Good or Service, and then purchase these when the need arises over the duration of the contract.²⁷

39. If it is not possible to fulfil the needs of the department by raising a requisition order against a Catalogue, there are Purchasing Frameworks that have been established that relate to several key areas (e.g., personal protective equipment and other required areas).²⁸ All Government staff and departments are mandated to use the Purchasing Frameworks where a Purchasing Framework exists.²⁹ Furthermore, the following information was provided in relation to the use of a Purchasing Framework:

²¹ Procurement Best Practice and Procedures: User Guide and Toolkit

²² Procurement Best Practice and Procedures: User Guide and Toolkit

²³ Procurement Best Practice and Procedures: User Guide and Toolkit

²⁴ Procurement Best Practice and Procedures: User Guide and Toolkit

²⁵ Procurement Best Practice and Procedures: User Guide and Toolkit

²⁶ Procurement Best Practice and Procedures: User Guide and Toolkit

²⁷ Procurement Best Practice and Procedures: User Guide and Toolkit

²⁸ Procurement Best Practice and Procedures: User Guide and Toolkit

²⁹ Procurement Best Practice and Procedures: User Guide and Toolkit

To purchase using a Purchasing Framework, you will need detail your needs on a form in accordance with the respective Purchasing Framework agreement that has been established between the Purchasing Framework Supplier and the Government. Orders may be raised against a Purchasing Framework in accordance with the terms of each respective agreement by either:

- 1. Direct Call-off; or*
- 2. Further Competition (using the ePortal to facilitate either the sourcing of a quotation or undertaking of a mini competition).*

FINDING 4

The Government of Jersey utilises the Connect Suppliers ARIBA system to purchase goods and services through corporate contracts and purchasing frameworks. These are established through demonstrating a business need and are required to be used by Government employees when purchasing goods and services. Purchasing frameworks have been established in several key areas, including personal protective equipment.

5.8 Exemptions and Breaches

40. An exemption is the formal process for requesting a deviation from the Sourcing Routes described in section 5.4. An exemption is usually sought in exceptional circumstances, for example:

- **Secret Contracts:** When the contract is of a secret nature.³⁰
- **Best Value for Money:** Direct award without further competition is the best value for money solution for the Government.
- **Civil Emergency or Pandemic:** Urgent procurement needed for recovery during emergencies like pandemics or storms.
- **Sole Supplier:** Only one supplier can provide the goods or services, making comparable quotations impossible.
- **Urgency:** Goods, services, or minor works are needed urgently to prevent loss, damage, or additional costs.
- **UK Government Purchasing Framework:** Using recognized frameworks from entities like NHS, Cabinet Office, CCS, or Local Authorities.³¹

41. The PAC questioned what was meant by a 'secret contract' and was provided with the following response by the Interim Director of Commercial Services:

Deputy I. Gardiner:

But we would like to understand what type, what are the criteria that you apply and that you decide that this contract is confidential?

Interim Director, Commercial Services:

If it is of national security, then that obviously has to be dealt with separately. The normal rules would apply, would it not, for its secret? Then the number of people involved would be very small and it would be signed off at the senior level.³²

42. The following table outlines the circumstances where an exemption is applied at each threshold level.³³

Table 2. Showing the circumstances when an Exemption is required.

Sourcing Route	Threshold	Process	Deviation	Department	Commercial	Method	Additional Requirements
1	£0 - £1,000	Prove price agreed					In all instances where a reasonable Exemption is required, Exemption Forms should be supported with the relevant quotation and draft contract documents.
2	£1,001- £25,000	1-3 Quotes					
3	£25,001- £100,000	3 Quotes	Not able to obtain 3 quotes	Approved by AO	n/a	Exemption Form	Formal commitment should not be given to the supplier prior to sign off
4	£100,001+	Full Tender	Not able to undertake open competition process	Approved by AO	Approved by DCS	Procurement Strategy or Exemption Form	

³⁰ Examples of secret contracts include those related to national security

³¹ Procurement Best Practice and Procedures: User Guide and Toolkit

³² Public Hearing – Treasurer of the States – 7 May 2025

³³ Procurement Best Practice and Procedures: User Guide and Toolkit

43. Where the requirement for competitive proposals has been waived, the prior approval of the relevant Accountable Officers should be obtained and accounted for in line with a purchasing directorate's Scheme of Delegation (which can be sourced from the Chief Officer of that directorate).³⁴ Documentary evidence of the decisions made by Accountable Officers (or their delegates) should be retained.³⁵ All requests for an exemption are reviewed and approved by the Group Director of Commercial Services.³⁶
44. The following table on the next page highlights further examples of when an exemption is required to be applied.³⁷

Table 3. Table showing other instances when an Exemption is required

Instance	Circumstances	Requirements
Contract duration exceeds five years	Where it is proposed that the duration of an agreement shall exceed five years, either in the initial term or via any proposed extension.	Documentary evidence of justification required and prior approval of Accountable Officer.
Unforeseen contract duration	Where the extension is not identified within the original competition process.	Where you wish to extend a contract beyond the term set out in your original Procurement Strategy. This applies, even where the contract is 'evergreen' or has an expiration date beyond the date you originally secured approval for.
Excessive contract variations	Where the value of variation(s) to the original scope of a Contract are to exceed 10% of total original value.	Where you wish to amend or extend an existing agreement or statement of work and the amendment changes the contract value (up or down) by greater than 10% of the original value.
High-value contract variation	Where a single or multiple contract variation(s) proposed are likely to exceed £100k in value.	This is an aggregated total. The lowest calculation of this or the former applies.
Deviation from standard terms	Where it is proposed that the Government's standard terms and conditions are not used.	Where it is proposed or required that the Government agree to the terms and conditions proposed by the supplier.
No Procurement Strategy	Where it is proposed to follow a Sourcing Route that requires a procurement strategy, but one is not used.	All purchases above £100k require an Approved Procurement Strategy. Where this is not possible, justification for the absence of an Approved Procurement Strategy should be submitted with a request for an Exemption. Poor planning, and the absence of sufficient time to develop and put in place an Approved Procurement Strategy, is not a justification.
Absence of an available Corporate Contract	Where there is no suitable or available Corporate Contract.	Where a corporate contract (as listed on the Commercial Services Intranet pages) is in place and you wish to either a) use an alternative supplier or b) purchase goods under a corporate contract outside of the corporate scope (for example pens from a cleaning products supplier).
Not advertising via the ePortal	Where an award is proposed for a contract that has not been advertised fully utilising the Government's ePortal.	All contracts above £100k must be advertised via the ePortal. For those contracts above £100k where it is reasonably proposed not to advertise the opportunity via the ePortal, justification and / or approval shall be sought of Accountable Officers BEFORE the Procurement is commenced.
Payment in advance	Where payment is required to be made before the delivery of the Goods or the Services.	An exemption is required for any upfront payments to supplier, for example, down payments or subscriptions. Where a payment has been made ahead of awarding a Contract, this is a Breach, and the Breach process should be followed.
Lack of competition	Where a purchaser has been unable to obtain three competitive quotations, as may be required with the Sourcing Route.	All contracts above £100k must, as a requirement, be awarded having received a minimum of three competitive proposals. Where it has not been possible to obtain a minimum of three proposals following an invitation to tender, or where there is a monopoly / duopoly of supply, an Exemption can be sought. Note: evidence will be required that sufficient time was allowed for the running of a competitive tender process, or (where a monopoly / duopoly exists), a preference for a direct award. Where you are unable to obtain three proposals, evidence showing how you have evaluated VFM by other means is required.
Secrecy	Where, due to the nature of the Goods or Services being procured, it is not possible to undertake an open competitive Procurement.	This may apply where the nature of the Goods or Services being purchased are secret or require (in the interests of the public) secrecy. In this instance, documentary evidence of justification required and prior approval of Accountable Officer.

³⁴ Procurement Best Practice and Procedures: User Guide and Toolkit

³⁵ Procurement Best Practice and Procedures: User Guide and Toolkit

³⁶ Procurement Best Practice and Procedures: User Guide and Toolkit

³⁷ Procurement Best Practice and Procedures: User Guide and Toolkit

45. A procurement breach occurs when expenditure has already been committed to, and no exemption has been approved.³⁸ Where a breach has occurred, it must be:

- Recorded on a Breach Form, which must be shared by the Chief Officer for that Department with:
- The Director of Commercial Services and the Commercial Services Approvals Board; and
- The Treasurer of the States.
- Disclosed in the year-end Government Statement³⁹.

46. Furthermore, if a breach has occurred, further investigation should also be made to establish that all relevant employment practices and procedures (both within the Directorate and the Government) have been complied with.⁴⁰ The PAC was informed of the number of breaches which had taken place during 2024, however, due to the sensitive nature of this information, data provided was “in confidence”. Given the importance of this information in relation to the review, the PAC requested that the total number of breaches for 2024 was made available for the purposes of this report to assist in any findings and recommendations. As such, the total number of breaches that occurred in 2024 was 142.

47. The PAC wanted to further understand how breaches occurred in practice and questioned the Interim Director for Commercial Services:

Deputy I. Gardiner:

The last one is about the breaches. How do breaches occur in practice and what are the most likely scenarios for the breaches of procurement?

Interim Director, Commercial Services:

Often it is where the contract has expired and there has not been sufficient time to re-tender it, which is poor planning.

Deputy I. Gardiner:

It is poor planning.

Interim Director, Commercial Services:

Emergencies, although that would also have a particular reason as to why if they happened to breach. Contract value exceeded, which is where the contract value is more than anticipated, for a number of reasons.⁴¹

48. The PAC was provided with the breaches register in confidence and questioned further during the public hearing whether any analysis had been done to determine the most frequent causes of breaches (i.e. whether emergencies, overruns of contracts etc.). The following was noted by the Interim Director for Commercial Services:

Interim Director, Commercial Services:

I have not done the numbers on that but I would say the majority are overruns. There has been insufficient time to run a full process.

Deputy I. Gardiner:

So poor planning.

³⁸ Procurement Best Practice and Procedures: User Guide and Toolkit

³⁹ Procurement Best Practice and Procedures: User Guide and Toolkit

⁴⁰ Procurement Best Practice and Procedures: User Guide and Toolkit

⁴¹ Public Hearing – Treasurer of the States – 7th May 2025

Interim Director, Commercial Services:

That is one of the key areas, yes.⁴²

49. Noting that poor planning has been broadly identified as one of the main reasons that a breach occurs in practice, the PAC wished to understand how departments were held to account where a breach had taken place:

Deputy R.S. Kovacs:

How are departments or individuals held accountable in these situations?

Interim Director, Commercial Services:

How are they held accountable? Well, the breaches are ... obviously, we would go back to the departments. It is not necessarily the central team's responsibility; this is the accountable officer. So there is guidance given. In some instances we support them to get back into a position where they are compliant, and we work hard to do that. It is not necessarily a deliberate act, and you have to remember some of these teams are not doing this all of the time. The contracts may be with one or 2 people and, if they are busy, they may not necessarily realise that they have gone into a breach. So there are a whole range of factors there.⁴³

50. This was further elaborated on by the Treasurer of the States as to the approach that would be taken when dealing with breaches:

Treasurer of the States:

The approach we would take would be more about future prevention. If we started to see a theme within a department, and it has happened in the past where there were lots of breaches coming through, and in particular breaches, then that would be cause for a conversation to take place regarding tightening of processes at that point. If you started to see deliberate, systematic breaches on a continual basis, then I would escalate that further were that to be required.⁴⁴

51. The PAC notes that the main consequence for a breach would be working towards future prevention of breaches with the relevant officials. The PAC also noted that there does not appear to be any clarity over how officials are held accountable in the instance where a breach occurs. Noting that the majority of breaches are identified as being down to 'poor planning', the Government should seek to better monitor the implementation of the guidance surrounding breaches and ensure clear information on requirements is being followed with clear information as to how officials will be held accountable in the event of a breach.

FINDING 5

There were a total of 142 procurement breaches in 2024 across the Government of Jersey departments recorded by the Commercial Services team.

FINDING 6

The majority of breaches identified by Government are reportedly a result of poor planning on the part of the department or project undertaking the procurement exercise. The general approach to addressing breaches is to work towards future prevention, although repeated

⁴² Public Hearing – Treasurer of the States – 7th May 2025

⁴³ Public Hearing – Treasurer of the States – 7th May 2025

⁴⁴ Public Hearing – Treasurer of the States – 7th May 2025

breaches in the same area may require further escalation. The PAC is not clear on how Accountable Officers or officials are held to account for breaches under the various processes which are in place.

FINDING 7

Procurement breaches are not reported publicly, and a register is maintained by Commercial Services where departments have reported a breach. The PAC notes that this register is updated when a breach is disclosed but is not clear on who reviews this list or checks to ensure its completeness and accuracy..

RECOMMENDATION 2

The Government of Jersey should continue to monitor the implementation of the guidance surrounding breaches to ensure it is being followed throughout the organisation. This guidance should also be updated to include clear information on how officials will be held accountable for breaches in procurement practices.

RECOMMENDATION 3

The Government of Jersey should implement a requirement for any breaches on procurements above the £25,000 threshold to be investigated by the relevant Accountable Officer for the department in which it occurred (or in the case of an Accountable Officer the Chief Executive) which documents the reasons why the breach occurred, actions taken to mitigate future breaches and the consequences of the breach included within performance appraisals. This procedure should be implemented by the end of 2025.

RECOMMENDATION 4

The Chief Executive Officer should ensure that departmental procurement breaches are included and discussed with Accountable Officers as part of their ongoing appraisal process. This should be implemented as part of the end of year review for 2025 and then included at all stages of the appraisal process from 2026 onwards and procurement breaches should be reviewed by the Risk and Audit Committee on a half yearly basis.

5.9 Social Value

52. Social Value means consideration is given to the wider social, economic and environmental benefits of the commitments made within the procurement process and how they will affect the Island and its inhabitants.⁴⁵ The intention of delivering social value through the procurement processes and contractual agreements, is ultimately to achieve positive outcomes with additional value for Jersey and the wider environment.⁴⁶ Social Value is intended to be considered alongside quality and process when evaluating procurement activity to ensure best value is achieved.⁴⁷ The following table highlights how this should be included within the procurement process:⁴⁸

Table 5. Social Value in Procurement

Total contract value (new and renewal activity)	Social Value requirement
≥£100,000	Include Social Value as part of the weighted evaluation (within the balanced assessment) to quantify the contribution to the wider economic, social and environmental benefits to Jersey.
<£100,000	Consider whether Social Value is included as part of the weighted evaluation (within a balanced assessment) to quantify the contribution to the wider economic, social and environmental benefits to Jersey.

53. The Commercial Services team has developed a 'Social Value Standard' which provides guidance on ensuring the Social Value principles are applied to all procurement activity and ensure value for money across government procurement.⁴⁹ The document sets out when to apply the Social Value Standard, the key principles and aims and a high-level overview of the approach, reporting requirements and governance.⁵⁰

54. Furthermore, a Social Value Procurement Toolkit has been developed by the Commercial Services team for internal use to provide practical guidance to Government employees on how and when to embed Social Value in procurement activity.⁵¹ The following information further describes the purpose and guidance contained within the toolkit:

The toolkit has been designed to provide practical guidance, including:

- *When Social Value should be considered in a procurement process.*
- *How to practically deliver Social Value through the procurement process.*
- *Where to record and manage Social Value commitments.*
- *Supporting materials to help implementation: hints and tips, checklist and definitions.*⁵²

55. The Government's Social Value agenda is intended to link in with the [Island Outcomes from the Jersey Performance Framework](#) and [Future Jersey Vision](#).⁵³ The

⁴⁵ Procurement Best Practice and Procedures: User Guide and Toolkit

⁴⁶ Procurement Best Practice and Procedures: User Guide and Toolkit

⁴⁷ Procurement Best Practice and Procedures: User Guide and Toolkit

⁴⁸ Procurement Best Practice and Procedures: User Guide and Toolkit

⁴⁹ Procurement Best Practice and Procedures: User Guide and Toolkit

⁵⁰ Procurement Best Practice and Procedures: User Guide and Toolkit

⁵¹ Procurement Best Practice and Procedures: User Guide and Toolkit

⁵² Procurement Best Practice and Procedures: User Guide and Toolkit

⁵³ [Commercial Services strategy](#)

following section is also available on the Government website and sets out social value within the Commercial Services Strategy:

Social Value

Social Value means considering the wider social, economic and environmental impact of our commercial activity. It's about thinking how we can use the money we spend on goods and services to deliver the most benefits for our Island.

By delivering Social Value through our procurement processes and contractual agreements, we're making sure that we work with suppliers and organisations who share our values, to deliver positive outcomes and additional value for Jersey.

We have a moral responsibility as Government to take every opportunity to deliver positive social, economic and environmental outcomes for Jersey. We cannot afford not to as a missed opportunity to deliver Social Value is a cost that has to be absorbed somewhere else in our public services.

Social Value is important because embedding this into commercial processes enables us to shift the focus from just the bottom-line price or cost of services or goods, towards the overall value of commitments.

To deliver Social Value we:

- *invest into our local businesses and supply chain*
- *push for local job creation and employment opportunities*
- *foster apprenticeships and skills development*
- *mandate Jersey living wage*
- *support local charities and social enterprises*
- *call for environmentally sustainable procurement practices and supports the Carbon Neutral Roadmap by reducing our Scope 3 emissions⁵⁴*

56. Whilst information has been provided to the PAC, it has not seen clear evidence that this process is working in practice across Government. The PAC has reviewed several procurement strategies provided in confidence and there appears to be variation in the way social value is recorded. In some strategies, this appeared to reflect a tick box approach, and no further detail was provided other than a blanket statement in respect of economic, environmental and social impact in respect of social value.

57. The PAC had been provided with examples of procurement strategies and noted a potential inconsistency in relation to the percentages that were weighted for social value. In some instances, 5% was applied but in others 10% was applied. The PAC questioned the social value requirements further during a public hearing. Prior to the public hearing:

Deputy I. Gardiner:

Thank you for supplying examples of the procurement strategies, and we have seen the difference that some contracts have 5 per cent, some contracts have 10 per cent, so it is not consistent. I would like to understand how you determine the level of the social value for particular procurement.

Interim Director, Commercial Services:

So, in the response, actually, we have just set it at 10 per cent. It was 5 per cent, it is 10 per cent for all social value.

⁵⁴ [Commercial Services strategy](#)

Deputy I. Gardiner:

The procurement structure that you supplied to the P.A.C. (Public Accounts Committee), which was this year, we have 5 and 10 in difference.

Interim Director, Commercial Services:

But it is now 10.

Deputy I. Gardiner:

From now on it will be flat 10.⁵⁵

58. The PAC was informed that 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.⁵⁶ It is noted that there are binding international obligations which Jersey must adhere to under several trade agreements including:

- World Trade Organization (WTO) membership
- UK-EU Trade and Cooperation Agreement (TCA)
- UK Negotiated Free Trade Agreements (FTAs)⁵⁷

59. The PAC wished to understand whether there was a means of providing an additional weighting for local businesses within the procurement process by virtue of their contribution to social value for economic reasons (i.e. tax etc.). This was further commented upon by the Interim Director for Commercial Services during a public hearing:

Interim Director, Commercial Services:

I think currently as it stands we do not have a positive weighting for on-Island. However, that is not to say we are not looking at it. Part of the reason we have not is because we are under the World Trade Organisation and a number of other bodies, which I think you will have seen in the pack. We are just looking towards the U.K. actually. The Cabinet Office have a new way of incorporating objectivity into enabling economic value to come through if it is on-Island. We can actually target and have particular procurements which are for on-Island only. But we are just at the very beginnings of that.⁵⁸

60. The PAC found that changes in the [Procurement Act 2023](#) in the UK has created a 'below-threshold' contract which is defined in section 3 of the Act as being "a contract is not a public contract if it is less than the applicable threshold for that contract".⁵⁹ In-scope organisations may consider, where appropriate, the following options for the procurement of below threshold contracts:

Reserve the procurement by supplier location. This means being able to run a competition and specify that only suppliers located in a geographical area can bid. This could be UK-wide to support domestic supply chains and promote resilience and capacity, or where appropriate, by county (metropolitan or non-metropolitan, or by borough for London) to tackle economic inequality and support local recruitment, training, skills and investment. In-scope organisations should not define by nations of the UK (i.e. England, Scotland,

⁵⁵ Public Hearing – Treasurer of the States – 7th May 2025

⁵⁶ Letter – Interim Director Commercial Services – 6th May 2025

⁵⁷ Letter – Interim Director Commercial Services – 6th May 2025

⁵⁸ Public Hearing – Treasurer of the States – 7th May 2025

⁵⁹ [Guidance: Below-Threshold Contracts \(HTML\) - GOV.UK](#)

Wales, Northern Ireland) and where a county reservation is to be applied, only a single county (or borough for London) may be reserved.⁶⁰

61. The PAC would suggest that consideration is given to these changes within the ongoing review of to consider where procurement activity could be targeted more specifically on-island.
62. It is noted that there is a difference between overall social value attributed to a particular procurement and the economic benefit that can be derived from local suppliers undertaking work. This will be addressed separately in the next section of the report.
63. The PAC was also informed of the reporting that is done in relation to social value. It was noted that Commercial Services maintains a register of supplier commitments which are made during the procurement phase and periodically requests information from departments on delivery of social value commitments.⁶¹ The PAC is, however, not aware as of writing this report as to how regular these requests are put forward to the departments and how outcomes are tracked.
64. The PAC was concerned to be informed that these sources inform an annual Social Value report which is for internal use only, apparently due to the commercial nature of some of the information contained within the report.⁶² The 2024 report was shared in confidence with the PAC as part of the review. A summary of the Social Value Impact Report is featured in the Sustainability section of the Annual Report and Accounts.⁶³ The PAC suggests that, to enhance openness and transparency for local suppliers and the public, the Government of Jersey should present this report publicly in a format that informs without breaching commercial sensitivities.

FINDING 8

The PAC found variations in the Social Value weighting in procurement decisions. Some were set at 5% and some at 10% by the Government of Jersey. This has now been amended to a standard 10%.

FINDING 9

Within procurement strategies there is a requirement to document the social value that is attached to that specific procurement. Upon reviewing procurement strategies provided to it, the PAC has found that this appears to be recorded in a simple format which does not provide any further narrative over the economic, environmental or social value being achieved.

FINDING 10

Initial work has been undertaken to review changes implemented by the UK Cabinet Office on reserving procurements by supplier location. This is to enable economic value to come through within the procurement process in a particular area. In a Jersey context, this would include being able to target on-Island procurements. This is, however, still in its early stages.

FINDING 11

Commercial Services maintains a register of supplier commitments which are made during the procurement phase and periodically requests information from departments on delivery of social value commitments. The PAC has not been made aware of the frequency of these

⁶⁰ [PPN 005: Reserving below threshold \(HTML\) - GOV.UK](#)

⁶¹ Letter – Interim Director Commercial Services – 6th May 2025

⁶² Letter – Interim Director Commercial Services – 6th May 2025

⁶³ Noted during factual accuracy checking

reports, how regularly these requests are put forward to the departments and how outcomes are tracked.

FINDING 12

There is an internal social value report which outlines the commitments and benefits arising from social value commitments within procurements and summary of the Social Value Impact Report is featured in the sustainability section of the Annual Report and Accounts.

RECOMMENDATION 5

The Commercial Services team should continue to review the changes in the UK on reserving procurements by supplier location with a view to implementing this in a Jersey context. This should be with a view to updating the scoring criteria used within the procurement process to give additional points to local businesses where they are able to demonstrate economic and social value through job creation and tax paid back to the Government. However, this should be in line with accepted international agreements and thresholds where applicable.

RECOMMENDATION 6

- Government should update the Procurement Strategies to include a narrative-based consideration of the various social value impacts attached to a particular procurement or tender. This should also provide evidence of outcome-based measures as to how the procurement will relate directly to the Island Outcome Indicators and Future Jersey Vision.
- Clarify the timescale for periodic reporting on delivery of social value commitments. If this is not undertaken on a regular basis, then it should seek to mandate quarterly reporting from departments on the delivery of social value commitments.
- Make a version of the annual Social Value report publicly available to enhance transparency around how social value commitments are being met through the procurement process in the Annual Report and Accounts 2025.

This should be implemented by the end of Quarter Two 2026.

5.10 Economic Value within Procurement

65. As previously noted, the PAC also wished to understand whether additional weighting or scoring was given to on-island businesses who contribute to the local economy through jobs and tax etc. It is important to note the recent Jersey Business 2025 Business Plan which highlighted that there are 8,430 business undertakings in Jersey.⁶⁴ 7,500 of these registered business undertakings in Jersey have between 1 and 9 employees. This represents 89% of total private sector undertakings on the Island.⁶⁵

66. Given the substantial level of small businesses in the Island and the contribution that they make to the economy, the PAC would expect to see Government providing additional weighting and scoring for them to enable them to be sustainable. This also feeds into the Future Jersey Vision. The PAC questioned whether this additional weighting was given during a public hearing:

Deputy I. Gardiner:

No, what I am talking about when you rewrote the contract to people, it is not necessary for apprentices. I understand the apprentices' social value. But the people ... this particular local company will pay to the employers and they will pay taxes, which we will see in annual reports and accounts come in as an

⁶⁴ Jersey Business – Business Plan 2025

⁶⁵ Jersey Business – Business Plan 2025

income. When we will pay to the U.K.-based companies, the taxes will go to the U.K. So the contribution, the public funds, will not come back for the public use. So would the local companies have a line to get extra points as their contribution to the Island economy?

Interim Director, Commercial Services:

I would not see it as an extra line, I would see it is part of their bid, an overall bid.⁶⁶

67. The PAC notes that this is not included as a separate line within the overall scoring for the procurement process. The PAC recommends that the procurement strategies are updated to include this. This is not to say that it would give small to medium businesses preferential treatment in the procurement process, but it would better reflect the social value in terms of the economy that can be provided by procuring services from local businesses.

FINDING 13

The contribution of small to medium businesses to the economy in terms of tax and job creation is not factored into the scoring for the procurement process.

5.11 Key Performance Indicators

68. The PAC wrote to the Chief Executive Officer at the outset of the review to understand the Key Performance Indicators (KPIs) and means that the Government used to assess the effectiveness of the procurement process. It was informed that Commercial Services has historically used several KPI mechanisms to assess the effectiveness of the procurement process with differing levels of success. These included:

- *The analysis of spend data to categorise and understand opportunities to achieve better value for money.*
- *Analysis of processes: use frequency, including how often each step is used, time to complete standard processes and procurements bottlenecks. This work continues to be developed.*
- *Supplier experience ratings, following procurement process, successful and unsuccessful tenderers should be informed of the decision and offered feedback or a debrief at the end of the procurement (this requirement is outlined in the CS Toolkit). This provides GoJ with Supplier Experience feedback which is reviewed and informs approaches to future tender opportunities.*
- *Commercial Services also utilises Government of Jersey's Rate Our Service feedback survey to benchmark performance and capture feedback to provide key customer insight towards improvements in the services we provide. Our quarter 2 (2024) Customer Satisfaction score was 80% and Customer Effort score is 4.2 (out of 5).⁶⁷*

69. Furthermore, the PAC questioned how Government assessed the effectiveness of procurement delivery and what KPIs they used to do this. In addition to the responses given in the previous paragraph, the Government also outlined the following metrics that are used to assess procurement delivery:

⁶⁶ Public Hearing – Treasurer of the States – 7th May 2025

⁶⁷ Letter – Chief Executive Officer – 16th August 2024

- *Procurement Savings: during evaluations and scoring, the most economically advantageous tender is evaluated and compared against other suppliers. For lower value (under £100,000) procurements, comparison is drawn between 3 quotations.*
- *Market Engagement: GoJ perform market analysis and engagement opportunities to understand the supply chain and market readiness. Early Market Engagement also provides GoJ with the opportunity to formulate tenders which will derive the greatest market interest. This supports GoJ to achieve tender responses which meet requirements.*
- *Procurement Planning and Delivery Management: Procurements run by GoJ should be delivered to a pre-agreed schedule (timetable). The delivery of the procurement to the scheduled timescales is monitored during the procurement.*
- *Procurement objectives/KPIs: These are generally specific to a procurement and are outlined in the procurement strategy. Common KPIs include delivery of milestones to plan, delivery of activity within budget, confirmation of a recommended supplier meeting criteria.⁶⁸*

70. The PAC questioned what best practice Government had benchmarked itself against guidelines in other jurisdictions, specifically the UK:

Deputy R.S. Kovacs:

I just want to clarify that because you mentioned the U.K., how closely the procurement guidelines are following the external best practices, like from the U.K. National Audit Office or Crown Commercial Services? Are those incorporated in our practices for procurement?

Interim Director, Commercial Services:

They are broadly, yes. So the thresholds tendering process is very similar. We do have a bit more flexibility. The Cabinet Office are just rewriting theirs based on not being part of Brexit, which has taken a while. I am reviewing those. I am also reviewing the National Audit Office recommendations, but we are looking at both of those at the moment.⁶⁹

71. It is noted that work is ongoing to review the current practices in line with National Audit Office recommendations and the PAC would encourage the Government to prioritise this review with a view to updating guidance where best practice is not being met.⁷⁰

FINDING 14

The Government of Jersey procurement thresholds are broadly similar to those used by the Crown Commercial Services; however, they provide more flexibility given the difference in jurisdictions. Work is ongoing to review these in line with changes being made by the UK Cabinet Office alongside recommendations of the National Audit Office to align best practice.

RECOMMENDATION 7

The Government of Jersey should ensure that procurement practices are benchmarked against metrics used in the UK and that any gaps identified within current practices are updated as a matter of priority.

⁶⁸ Letter – Chief Executive Officer – 16th August 2024

⁶⁹ Public Hearing – Treasurer of the States – 7th May 2025

⁷⁰ Procurement Best Practice and Procedures: User Guide and Toolkit

6. Procurement Case Studies

6.1 Information Technology Procurement

72. The overarching IT strategy for the Government of Jersey is under development and is intended to simplify the IT estate, replace older systems, ensure security, and achieving cost efficiency. The prioritisation process involved reducing the number of projects from approximately 330 to 100 to manage resources effectively and focus on high-priority projects.⁷¹ The PAC is concerned that there does not yet appear to be an overarching strategy or blueprint guiding delivery for overall IT use by Government.⁷²
73. The IT Strategy has been repeatedly delayed (expected June 2025, however initial discussion began in 2021 following a C&AG Thinkpiece and Government committed to achieving this by March 2022⁷³) It is the view of the PAC that an interim strategy at the minimum should have been created. The PAC questioned the Chief Information Officer further on the repeated delays to bringing forward the strategy and received the following response:

Chief Information Officer, Digital Services:

I have read about this and thought about it quite a bit, particularly with the Thinkpiece report, which catalogues it painfully. I have only been in role just over a year. I would suggest it is simply down to overtrading. When you have that many projects, that many issues, that many escalations and those large number of operational systems, things happen. Maintaining and managing that I.T. complexity is a complex business. Things go wrong. We had plans to make some advances on our strategy in Q4 last year, and we had some quite complex operational incidents that required most of the focus of my leadership team. Just bandwidth for it. It is taking longer than we expected.⁷⁴

74. The PAC also found that the original number of active Information Technology projects (330+ active projects) has been reduced to circa.100 to address the risk of 'overtrading'. The PAC would question whether the risk of overtrading remains and whether there is also consideration required around skills/resource issues above funding. Furthermore, it is the view of the PAC that there is a lack of clarity regarding the selection process for the 100 projects and the value they offer. The following information was provided by the Chief Information Officer in relation to the prioritisation process:

Chief Information Officer, Digital Services:

Digital services has facilitated the prioritisation, not carried out the prioritisation. So the main answers to your questions on what the needs and the priorities are for the citizens and for the businesses that these projects help enhance or improve is driven by the departments and by the Chief Officers that made those decisions on priorities.⁷⁵

75. It is clear that the departments lead the prioritisation of the various IT projects, however, this appears to have limited input from Digital Services at this time and Digital Services could be seen as a more strategic partner. Questions remain for the PAC as

⁷¹ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

⁷² Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

⁷³ [Learning from Previous IT Implementations – A Thinkpiece](#)

⁷⁴ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

⁷⁵ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

to how the reduction in the number of projects being brought forward could hinder broader improvements across Government. The IT Strategy will be important in this regard to identify synergies across projects. This would ultimately reduce costs, foster the development of local skills and ensure there is not an inconsistent use of IT standards and governance within departmental decisions.

76. The PAC notes that, across the entire Government, there are close to 1,000 systems which are managed by 600 suppliers which has been acknowledged as being unsustainable by Government.⁷⁶ This requires simplification if possible. Furthermore, it was noted by the PAC that procurement for IT solutions varies by department, and, at present, there appears to be limited central control or decision-making. This was further noted by the Chief Information Officer during a public hearing:

Mr. G. Kehoe:

I think this is going to be to yourself, Jason, really. It is about managing supplier relationships. You mentioned earlier today that you are reducing the amount of suppliers. For my context, it is just understanding is that going to be a one.gov approach to these I.T. suppliers or is this still relationship built within separate departments that have connections into different ones or are we looking to pool this into a single authority over who says that supplies are and are not?

Chief Information Officer, Digital Services:

It is both. Let me just explain why I made that statement. We are definitely not trying to stop and reduce suppliers on Island. I more than understand that theme and that criticism. What is behind that statement is of the thousand systems, approximately Digital Services relies on 600 suppliers, which is huge, and you cannot professionally Supplier Relationship Manage that large supply base. The goal is to have less and have more strategic relationships, more partnerships for it as opposed to we have any problems with particular suppliers, just to make my point clear.⁷⁷

77. The PAC noted during the public hearing that there are no mechanisms for reporting back to departments on the performance of suppliers at present and no KPIs or frameworks that may exist that it has seen at this time, although this may be within the yet to be produced IT strategy. Furthermore, escalation processes appear to be lacking as well in this regard. The Chief Information Officer provided the following evidence during the public hearing:

Chief Information Officer, Digital Services:

The majority of those contracts, those relationships of 600, are managed by Digital Services, so we do not have a plan to report back to departments performance unless there is a significant exception. Frankly, if a service provider is failing and normal management escalation procedures do not course correct then it is the natural part of the way we work to bring in the department. Typically for each of the systems is a business system owner so you would have an individual manager to go to and it would be very clear but no plans, no intent to publish a great big scorecard and share it across Government.⁷⁸

⁷⁶ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

⁷⁷ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

⁷⁸ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

78. It is noted that some departments continue to manage their own supplier relationships for valid reasons. These should be clarified and understood for a better oversight of performance governance and management.
79. The PAC also found that the original number of active projects (330+ active projects) has been reduced to circa.100 to address the risk of 'overtrading'. The PAC would question whether the risk of overtrading remains and whether there is also consideration required around skills/resource issues above funding. Furthermore, it is the view of the PAC that there is a lack of clarity regarding the selection process for the 100 projects and the value they offer. The following information was provided by the Chief Information Officer in relation to the prioritisation process:

Chief Information Officer, Digital Services:

Digital services has facilitated the prioritisation, not carried out the prioritisation. So the main answers to your questions on what the needs and the priorities are for the citizens and for the businesses that these projects help enhance or improve is driven by the departments and by the Chief Officers that made those decisions on priorities.⁷⁹

80. It is clear that departments lead the prioritisation of the various IT projects, and Digital Services could be seen as a more strategic partner facilitating this with direct involvement at all key stages. Questions remain for the PAC as to how the reduction in the number of projects being brought forward could hinder broader improvements across Government. The IT Strategy will be important in this regard to identify synergies across projects. This would ultimately reduce costs, foster the development of local skills and ensure there is not an inconsistent use of IT standards and governance within departmental decisions.
81. During the public hearing with the Chief Information Officer, the following challenges and improvements were identified in relation to IT procurement:
- **Project and Programme Management:** placing greater emphasis on improving project management skills, governance, and assurance to ensure successful delivery of IT projects.
 - **Stakeholder Management:** Importance of managing business change components alongside technology components.
 - **Standards and Policies:** Need for comprehensive documentation of IT standards and policies to manage the complexity of the IT estate.
 - **Business Case Development:** Departments create business cases for IT projects, which are reviewed by Digital Services and Commercial Services.
 - **Evaluation Framework:** Use of weighted decision trees and scoring committees to ensure objective assessment of bids.
 - **Supplier Engagement:** Efforts to simplify the bidding process for small and medium-sized enterprises and improve supplier relationships.⁸⁰
82. The PAC would also highlight the learnings set out by the C&AG in her recent report Learning from Previous IT Implementation – A Thinkpiece that were made in relation to effective IT procurement which should be fully implemented by the Government of Jersey:

⁷⁹ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

⁸⁰ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

Effective procurement

L3 Ensure that procurement strategies and decisions are revisited where appropriate during implementation if doing so could result in better value for money being achieved in practice.

L4 Ensure procurement strategies document the options for packaging the procurement in ways that lower the level of risk to the Government and detail the likely costs of each option under consideration.

L5 Review procurement processes to ensure that all potential suppliers have the opportunity to submit bids which can be evaluated equally, that terms and conditions of the contract are defined at the appropriate stage and that post award negotiations are avoided.

L6 Ensure that sufficient challenge mechanisms are in place when decisions are proposed that change the initial procurement approach and result in more work to be undertaken using internal resources.

L7 Ensure that procurement evaluation processes are applied equally and consistently to all bidders.

L8 Ensure that terms and conditions of the contract are defined at the appropriate stage and that post award negotiations are avoided.⁸¹

83. The PAC was informed that an initiative is underway to assess the Commercial Services function current working practice against the principles of effective public sector procurement. Improvements to processes and services will include:

- Regular meetings and collaboration with Digital Jersey to leverage local expertise and address digital challenges.⁸²
 - In respect of this point, value for money, remit, and alignment with the broader IT strategy are still unclear to the PAC which raises concerns about potential duplication or confusion of responsibilities.
- Importance of clear communication and alignment of interests in joint procurement processes, as highlighted by the challenges faced in the joint ferry tender process with Guernsey⁸³

FINDING 15

In the absence of an overarching IT strategy, there is a continued risk to Government arising from historic procurements in the IT space which have not been implemented in line with an overall strategic vision.

FINDING 16

The PAC found that the original number of active Information Technology related projects (approx. 330+ active projects) has been reduced to circa.100 in order to address the risk of 'overtrading'. Furthermore, there is a lack of clarity regarding the selection process for the 100 projects and the value they offer, and the PAC found that the process used to prioritise IT projects was separately undertaken by each department.

⁸¹ [Learning from Previous IT Implementations – A Thinkpiece](#)

⁸² Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

⁸³ Public Hearing – Chief Information Officer and Interim Director for Commercial Services – 26th March 2025

FINDING 17

In respect of Information Technology procurement, the PAC has found that there are no mechanisms for reporting back to departments on the performance of suppliers at present and no KPIs or frameworks that may exist in this regard. Although, this may be contained within the IT strategy which is yet to be produced.

RECOMMENDATION 8

In respect of Information Technology Procurement, the Government of Jersey should:

- Consider the development of a project selection criteria for prioritising Information Technology programmes on a corporate level.
- Establish standard supplier performance KPIs, monitored centrally by the Digital Services Team and shared with departments to ensure that there is a clear line of accountability for the delivery of Information Technology procurements given the scale of investment within this area by Government.
- Implement all the learnings set out by the Comptroller and Auditor General on effective procurement within the Learning from Previous IT Implementations – A Thinkpiece report.

This should be implemented by the end of Quarter Two 2026.

6.2 Joint Ferry Tender Process

Roles in the Tender Process:

84. The Chief Officer for Economy was the senior responsible officer for the joint Channel Islands tender process. The Chief Officer for Infrastructure and Environment took over as the senior responsible officer for the latter part of phase 1 and phase 2 of the procurement for a Jersey-only service after the Chief Officer for Economy recused himself from the process.⁸⁴
85. The PAC also wished to know who held responsibility throughout the process in terms of strategy. It questioned the Interim Director for Commercial Services and Treasurer of the States during the public to identify the overall responsibility in the process and whether a strategic framework/procedure had been put in place by Commercial Services:

Deputy I. Gardiner:

It does not matter; framework/procedure. Basically, how do you do joint procurement?

Interim Director, Commercial Services:

How did we set ourselves up to jointly procure, is what you are asking about. Well, there were some terms of reference; I am looking to Paul here.

Senior Category Manager:

In terms of reference, there is a procurement strategy that was created by the Department of Economy, which looked to do, as I understand, a joint procurement with ...

Deputy I. Gardiner:

So it was left with the department?

Interim Director, Commercial Services:

Well, the procurement strategy was then signed off by me or by the central team. Procurement strategies are signed off. The actual strategy, which is how they were going to go about this, was defined. The Economy team had input and there was a procurement input and there was commercial input. Again it is a team effort. It is not one person deciding, it is a collective of various disciplines that came together

Deputy I. Gardiner:

Who was responsible that it has gone wrong? So if it is collective, it is collective responsibility?

Treasurer of the States:

No. Ultimately, the A.O. (accountable officer) is accountable. They would have received advice, and that is not me talking about the ferries in particular. Remembering this is not procurement, this is a tender for a service to Islanders rather than procuring specifically for government or for the delivery of services to government. There is a lead, as there is with all, and the accountability rests with accountable officers.⁸⁵

⁸⁴ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁸⁵ Public Hearing – Treasurer of the States – 7th May 2025

86. Whilst it is noted that the Accountable Officer would hold ultimate responsibility for the process it was outlined that Commercial Services provided advice on best practice and managed in line with the agreed procurement strategy and processes.⁸⁶ The PAC would, however, expect to see further strategic oversight from Commercial Services in significant processes where there could be reputational risk to Government.

Background and Preparation:

87. The origins of the tender process date back to February 2021, with Condor seeking financial support due to losses incurred during COVID. Various analyses and due diligence were conducted with KPMG, MDST, and Blair Reid to explore future sea connectivity options. Political considerations initially favoured direct negotiation with Condor, but due to Condor's financial issues, alternative models were explored, leading to market testing in January 2024.⁸⁷
88. The Chief Officer for Economy gave the following detailed explanation of the timeline that had led to the proposed joint tender process during a public hearing:

Chief Officer, Department for the Economy:

Yes. So the origins go right back until February 2021 and an approach from the incumbent operator, Condor, seeking financial support from the Government of Jersey and the States of Guernsey for losses that they were incurring during COVID, so lost revenues. Because during the COVID period they were not seeing the passenger traffic, albeit freight volumes remained constant. So at the time they first approached looking for financial support, there was an analysis of Condor's P. and L. (profit and loss), Condor's balance sheet, and that work was primarily conducted at the time by Ports of Jersey. My involvement came a little bit later as we started to then look at options for future sea connectivity, recognising in Government size at least some of the problems that Condor appeared to have financially. We did a number of elements of due diligence with KPMG and their specialist transport team from the U.K. (United Kingdom) with a company called MDST, who specialise in different forms of transport - so they are modal freight consultants - and also another company called Blair Reid, who are ship brokers. Ultimately, they were the brokers, I think, on the sale of the MV Straitsman to Condor, which is now Condor Islander. There was a comprehensive analysis undertaken in January 2022 of the various options that would be open to the Governments of the Islands in terms of delivering future services, and there was a very clear letter set out by the then chief exec ... sorry, the then Chief Ministers of the States of Jersey and the Government of Guernsey to Condor on the basis on which the Governments may consider Condor directly negotiating a new contract with the Islands. That set out very clear political priorities from both Islands' standpoints.⁸⁸

89. Furthermore, the PAC questioned when the procurement strategy was initially drafted for the joint procurement process. The following information was provided:

⁸⁶ Confirmed during factual accuracy checking

⁸⁷ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁸⁸ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

Chief Officer, Department for the Economy:

The procurement strategy was developed in quarter 4 of 2023, so we started market testing in January of 2024. So that market testing was indicating that we were interested in a new owner/operator. We wanted to see if the market had sufficient depth to it. Clearly, if it did not have depth, we would be going back to try and negotiate with the incumbent, but we had 7 expressions of interest at that time from market testing. So that gave us the confidence to proceed into a full tender process in 2024.⁸⁹

Joint Procurement with Guernsey:

90. According to the evidence received from the Chief Officers for Economy and Infrastructure and Environment, despite initial scepticism from Guernsey, a joint procurement strategy was pursued. The tender process included market testing, development of a procurement strategy, and drafting of tender documents. Ultimately, differences in scoring and evaluation between Jersey and Guernsey led to divergent outcomes, with Jersey disqualifying both bidders while Guernsey favoured one.⁹⁰

91. The PAC notes that there was a perception of doubt from Guernsey in relation to the joint procurement process. As such the PAC questioned this further to gauge the reason Jersey went ahead with the process given the ongoing doubts:

Mr. P. Taylor:

If there were doubts about Guernsey's position, you would have had doubts about them as a joint procurement partner, so I could ask: why did you go with them if you had doubts about them as a reliable partner?

Chief Officer, Department for the Economy:

I think there was still a desire to try and work wherever we can as a Channel Islands buying power, buying entity, and also the routes are optimised if you have both Islands in the loop for both the freight and the passenger services. So the 5-vessel option covering 2 Islands is generally a more efficient option than splitting operators as we have ended up being forced to do.⁹¹

92. Furthermore, the PAC wished to understand if sufficient consideration had been given to the risks associated with taking forward the joint tender process:

Mr. P. Taylor:

So you knew there was a risk in going with Guernsey?

Chief Officer, Department for the Economy:

We knew there was a risk and, therefore, when we developed the tender documentation we ensured that there were sufficient exits within that in the event that Jersey and Guernsey could not reach the same conclusion.⁹²

93. Given the view that it was intended for the process to be a Channel Islands process, the PAC questioned how this had been taken forward from the very start, noting that there appeared to be different political indications in respect of how best to proceed with the process:

⁸⁹ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁹⁰ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁹¹ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁹² Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

Mr. V. Khakhira:

This was intended to be a joint procurement strategy from the outset.

Chief Officer, Department for the Economy:

No. From the very outset the political indications from both Jersey and Guernsey was to try and negotiate a new deal directly with Condor. Because Jersey believed that Condor was not a viable counterparty long term, Jersey had started the process of preparing for an open market procurement. It took some time before Guernsey realised that that indeed was the right direction to travel down, as late as October 2023. Very shortly thereafter, we had all of the financial resilience issues at Condor. There was not the opportunity basically to go into reverse and look at other vehicles for doing a joint procurement in terms of an S.P.V. or any other vehicle you speak of, so that is why we went down the route of using the documentation to enter into a joint process together with a single set of criteria being specified for both Islands.

Mr. V. Khakhria:

Would it be fair to say that you were in a sense flushing Guernsey out in that case, that the joint procurement process was set up to fail?

Chief Officer, Department for the Economy:

I do not think so, no. I think what we were committed to do was to try and find a route for Channel Island connectivity. We still believe the best option for the Channel Islands is for both Islands to be served by one operator. Unfortunately, that did not prove to be possible because of the actions that Guernsey took much later in tender process 1.⁹³

94. The PAC also wished to understand who was advising officers on the procurement strategy given the complex and specific situation that the Islands faced:

Mr. V. Khakhria:

Who was advising officers on the procurement strategy in a pretty unusual set of circumstances, which I am sure Jersey will not have faced in the past?

Chief Officer, Department for the Economy:

Yes. So we had in-house support from our own Commercial Services function, but we leaned very heavily on the acquired knowledge that KPMG had built up over time in the last several years working on this particular project and on the options analysis, so in terms of some professional services support, and in making sure that a tender for this type of service, when it landed with ferry operators it was speaking in the right language to them, as opposed to being a public procurement for widgets or some other service that may be more commonplace from the Government. This was a contract ultimately that has a revenue value of around £2 billion over its duration so it was quite a high tariff procurement. So we used KPMG and we also used DWF professionally on the legal side, again to ensure that from a procurement standpoint, while we do not have the P.C.R. (Public Contracts Regulations) obligations here that you would have in the U.K., that we did run a compliant procurement process throughout.⁹⁴

⁹³ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁹⁴ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

95. Finally, the PAC wished to explore who, outside of ultimate political responsibility, held overall responsibility for the joint procurement process. It was found that there was an SRO (Senior Responsible Officer) in each Island and not an overall lead.⁹⁵

Challenges and Lessons Learned:

96. The joint procurement process faced challenges due to differing political and commercial interests between Jersey and Guernsey. The importance of clear communication, alignment of interests, and contingency planning were emphasised.⁹⁶
97. Noting that different evaluators were used in both Islands, with divergent scorings during the joint process identified, the PAC questioned the Treasurer of the States as to whether consideration was given to this during the process:

Mr. V. Khakhria:

Correct me if I am wrong, joint procurement strategies typically involve, especially high-value ones and more important ones, a single evaluator for each number that adds to the total. You cannot have 2 different evaluators, otherwise you end up in exactly the situation that we are in right now.

Treasurer of the States:

I have got my own views, I am not going to say where I think that happened. It gets into inter-Island and different opinions relating to different entities.

Mr. V. Khakhria:

It is not, this has to do with the architecture of the process. This is purely procedural.

Treasurer of the States:

Perhaps contracting in a single external evaluator might have been, with hindsight, an approach to take but only then if each of the awarding Islands was going to go with that individual external evaluator's assessment.⁹⁷

98. The PAC also questioned whether a joint procurement process was the correct vehicle for future endeavours and what would be done differently next time such a process was required:

Mr. P. Taylor:

Based on what you know now, what would you do differently next time to prevent such a situation occurring again?

Chief Officer, Department for the Economy:

Quite honestly, I would not enter a joint tender process because I think the writing was on the wall from an early stage in terms of the politics of the situation in Guernsey about wishing to do another deal with Condor. I think what we have seen post-event in some of the actions again reinforces a perception that Guernsey were always out to do a deal with the incumbent operator rather than to consider something new.⁹⁸

⁹⁵ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁹⁶ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

⁹⁷ Public Hearing – Treasurer of the States – 7 May 2025

⁹⁸ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

99. Noting the view that a future joint tender process would not be desired, the PAC questioned whether the political risk in these processes outweighed the economies of scale from having a joint inter-island ferry service:

Mr. V. Khakhria:

So are you saying ... you would prefer not to go through a joint procurement process in the future. Are you saying that there are no available economies of scale from having a joint inter-Island ferry service or that they would be outweighed by the political risk? I am not clear.

Chief Officer, Department for the Economy:

Well, no, I think it was quite clear. I think I have already said I would prefer the services to be joint Channel Islands services because I believe that optimises the vessels, the demand and the capacity in the right way. I was asked about lessons learned. I think the lessons learned are, first of all, quite raw. We are only talking a few months on from the process. Jersey has been subject to litigation that we have fought off successfully. That leaves quite a mark in terms of a desire to work in such a major joint procurement with Guernsey at any near point in the future. That is not my decision ultimately; others will decide.⁹⁹

100. It is the view of the PAC that future joint procurements may benefit from more robust mechanisms for decision-making and conflict resolution which must be considered at the outset of any strategy around joint tender processes. The PAC would also highlight that no models were used from other jurisdictions that may have entered a joint procurement process to inform how best to work together to achieve an overall outcome. This may want to be considered further in future joint tender endeavours. Furthermore, suitable mechanisms were not put in place for a joint decision-making process, with each jurisdiction responsible for conducting its own scoring and evaluation of the bids received. It is the view of the PAC that this must be considered further in future joint endeavours

FINDING 18

The Accountable Officer holds ultimate responsibility for a tender process; however, Commercial Services provide advice on best practice in line with the agreed procurement strategy and processes. The PAC would, however, expect to see further strategic oversight from Commercial Services in significant processes where there could be reputational risk to Government and clarity over the threshold that would require this additional oversight.

FINDING 19

In respect of the joint ferry tender process, no models were used from other jurisdictions that may have carried out a joint procurement process to inform how best to work together to achieve an overall outcome.

FINDING 20

Suitable mechanisms were not put in place for a joint decision-making process in the joint ferry tender process, with each jurisdiction responsible for conducting its own scoring and evaluation of the bids received.

⁹⁹ Public Hearing – Chief Officers for Economy and Infrastructure and Environment – 12th March 2025

RECOMMENDATION 9

The Government of Jersey should clarify the role of Commercial Services within future significant tender processes that carry a reputational risk, including a clear threshold over which they would be required to maintain oversight. This should be completed by the end of Quarter Four 2025.

RECOMMENDATION 10

The Government of Jersey should urgently undertake a 'lessons learned' exercise in respect of the failed joint tender process for the ferry contract to provide assurance over the steps to be taken during future joint tender situations/contracts. This should be completed and presented to the Public Accounts Committee by the end of Quarter Four 2025. It should also conduct a benchmarking exercise against the UK or EU and identify joint procurement case studies for bi-jurisdictional tenders to use as examples when planning future joint procurement ventures. The PAC also recommends implementing this in collaboration with Guernsey counterparts. This should be completed by the end of Quarter Two 2026.

7. Business Engagement

7.1 View of the Business Community

101. The PAC wrote to a number of representative bodies for local businesses as part of the review in order to identify their views in relation to the current procurement processes, including the Ariba system and overall tendering processes. The main bodies to respond included Jersey Chamber of Commerce, the Institute of Directors and the Jersey Construction Council. The PAC held a public hearing with the Chief Executives of the three organisations in January 2025.

102. The submissions received identified a number of key points in relation to the processes. Most of these views were also demonstrated in a [survey](#) that was undertaken by the Chamber of Commerce of its membership about the procurement process.

Complexity and Length of Process

103. The procurement process was noted as being overly complex and involved numerous steps and extensive documentation, which was identified as being daunting for small and medium-sized enterprises (SMEs). This complexity can deter businesses from participating, as they may lack the resources to navigate the process effectively. Furthermore, the time required to complete the procurement process was seen by many members of the organisations who responded as being lengthy and particularly challenging for SMEs where quicker turnaround times were required to maintain cash flow and operational efficiency. Examples of comments in this regard in submissions included:

*"For local suppliers this process is too time consuming and does not lend itself to local market."*¹⁰⁰

*"The process of uploading and sending works. Consultants have previously uploaded projects for the government, and they have not got a name of who has received it."*¹⁰¹

104. Furthermore, the following information was received from the Law Officers' Department:

*We have received a significant amount of negative feedback from suppliers regarding Connect Finance (SAP Ariba). This has been due to processes seen as overly complicated, instructions that are not clear, and for first time or infrequent suppliers, lengthy delays in payment.*¹⁰²

105. This point was further elaborated on by the Chair of the Institute of Directors during a public hearing on 29th January 2025:

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

¹⁰⁰ Submission – Jersey Chamber of Commerce – 29th August 2024

¹⁰¹ Submission – Jersey Construction Council – 8th August 2024

¹⁰² Submission – Law Officers' Department – 5th September 2024

*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"*¹⁰³

106. Submissions highlighted challenges for businesses and a difficulty in accessing small contracts, even for contracts under £100,000, which it was noted should be more accessible. In the submissions it was noted that the requirement for minimum of three quotes and the complexity of the process could also create barriers for smaller businesses that may not have the resources to compete effectively. Comments within the submissions included:

*"For Government bids of a lower value (sub £100k for example), I suspect, don't make the procurement portal...so how do businesses earn the right to know and bid for future projects?"*¹⁰⁴

*"Longer lead times are needed from government. A lot of last-minute requests such as wanting schools doing in summer holidays is not helpful."*¹⁰⁵

107. This was discussed further during the public hearing where the PAC questioned how the barriers impacted local businesses. The Chair of the Digital Committee provided the following explanation:

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."*¹⁰⁶

108. This was echoed by the Chair of the Jersey Construction Council when identifying some of the barriers faced by businesses tendering for smaller contracts or pieces of work:

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

¹⁰³ Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025 – p.4

¹⁰⁴ Submission – Jersey Chamber of Commerce – 29th August 2024

¹⁰⁵ Submission – Jersey Construction Council – 8th August 2024

¹⁰⁶ Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025 – p.12

*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.*¹⁰⁷

FINDING 21

Local business representatives have raised concern over the procurement process being overly complex and involving numerous steps and extensive documentation, which have been identified as being daunting for small and medium-sized enterprises (SMEs) who may not have the resources to compete effectively. This complexity can deter businesses from participating, as they may lack the resources to navigate the process effectively.

RECOMMENDATION 11

The Government of Jersey should seek to implement a simplified SME tender track or light-touch submission process for contracts below £100,000 to assist SMEs who have limited resources to submit quotes for works/contracts. This should be implemented by the end of Quarter Two 2026.

Lack of Feedback and Communication

109. Insufficient feedback from Government was also highlighted from businesses, with comments received that they did not always receive detailed feedback on respective tenders both during and after the process. It was highlighted in submissions that this lack of feedback prevents businesses from understanding their shortcomings and improving future submissions and tender processes. Another theme that was identified was that there is a general lack of proactive communication from the government. Submissions highlighted that businesses often feel left in the dark about the status of their tenders and the reasons for their rejection, leading to frustration and disengagement. Examples arising from the submissions included:

*"There is sometimes a requirement for more clarity on whether it's a design element or construct on some of them, so consultants end up going back to them asking for further information on what is actually required."*¹⁰⁸

*"It's not uncommon to spend many days compiling tender information, only to hear nothing back, except when you actively seek feedback."*¹⁰⁹

*"The process does not lend itself to creating a dialogue, which would be valuable as suppliers look to understand what is needed."*¹¹⁰

110. The PAC also received a concerning piece of feedback from the Chair of the Institute of Directors during a public hearing in relation to a situation where an unsuccessful tender had requested feedback which was not sufficient to understand the reasons for the tender not being successful and had received a negative response upon asking further questions:

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

¹⁰⁷ Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025 – p.13

¹⁰⁸ Submission – Jersey Construction Council – 8th August 2024

¹⁰⁹ Submission – Jersey Chamber of Commerce – 29th August 2024

¹¹⁰ Submission – IOD – 1st August 2024

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 members¹¹¹.

Training and Usability Issues

111. Inadequate training and support of systems like SAP Ariba was highlighted in submissions as being problematic for local businesses. The submissions also pointed to businesses struggling to understand and use the system effectively, which hindered their ability to participate in the procurement process.

112. Furthermore, the PAC received feedback that the system (Ariba) is not user-friendly, especially for smaller businesses that may lack technical expertise. The complexity of the system and the lack of immediate support was also highlighted in making it difficult for smaller businesses to navigate the procurement process. Examples arising from submissions included:

"The SAP Ariba payments is a barrier to suppliers tendering for government contracts. The new process is not intuitive, too onerous and inflexible."¹¹²

"The sign-up and onboarding is tedious and lengthy." ¹¹³

"The Ariba system has been problematic due to lack of training - so poorly delivered." ¹¹⁴

113. A lack of training for suppliers was also highlighted by the External Relations Department in their submission providing details on the procurement process:

Suppliers were not given adequate training when the new system was introduced, resulting in significant payment delays due to their lack of understanding of Connect Ariba. This severely impacted relationships with suppliers, leading some to threaten or withdraw their services and dealings with the Government of Jersey. Additionally, the need to send invoices through Accounts persists, as the 'add invoice' feature on Ariba is non-functional.¹¹⁵

¹¹¹ Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025 – p.14

¹¹² Submission – IOD – 1st August 2024

¹¹³ Submission – Jersey Chamber of Commerce – 29th August 2024

¹¹⁴ Submission – Jersey Construction Council – 8th August 2024

¹¹⁵ Submission – External Relations Department – 8 August 2024

114. The PAC discussed this point further during the joint public hearing with the three organisations who had submitted evidence and were provided with the following additional information on views of businesses in relation to the training and usability of the programme:

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.¹¹⁶

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 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.¹¹⁷

FINDING 22

Inadequate training and support of systems like SAP Ariba was highlighted in submissions as being problematic for local businesses. The PAC also received feedback that the Ariba system is not user-friendly, especially for smaller businesses that may lack technical expertise. The complexity of the system and the lack of immediate support was also highlighted in making it difficult for smaller businesses to navigate the procurement process which could lead to them missing out on opportunities, and in turn affect the local economy.

RECOMMENDATION 12

The Government of Jersey should establish plans for:

- Supplier onboarding drop-in sessions and a dedicated helpline for SAP Ariba use which offers First Line Support with sufficient knowledge and authorisation to be capable of addressing most issues immediately and without escalation to second level support. These should be implemented by the end of Quarter Two 2026.
- A clear plan for increasing the visibility of the pipeline of work that is available to local suppliers which should be published on the Government website and regularly updated. This should be completed by the end of Quarter Two 2026.

¹¹⁶ Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025

¹¹⁷ Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025

Perceived Bias and Preferred Providers

115. One area highlighted within the submission from the Institute of Directors was that some suppliers had reported a perception of bias and a 'whitelist' of preferred providers making it harder for other businesses to compete.¹¹⁸ Whilst this is noted by the PAC, there is no evidence to suggest this may be the case in practice, however, it wished to understand where these concerns had come from when conducting its review.

116. This was further raised during the public hearing by the Chair of the Institute of Directors:

Mr. G. Phipps:

Can you all advise the panel how you perceive the preferred provider or the whitelist 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.¹¹⁹

117. The Government has confirmed that the 'whitelist' practice is categorically not something that is in place, however, the PAC would urge Government to discuss this further with local suppliers to better understand the reasons they may hold these views.

Need for Better Engagement and Collaboration

118. A lack of engagement from Government was also highlighted within submissions. It was felt that there is a need for more engagement and networking opportunities between Government departments and local businesses. It was felt that this engagement can help build relationships, improve understanding, and foster collaboration. Suggestions included organising meet-the-buyer events and workshops to facilitate better interaction and understanding as it was noted these events can help businesses understand the procurement process, meet key decision-makers, and showcase their capabilities. Examples of comments included the following:

"Through Chamber, how can we get businesses showcased to Government departments? Network events like 'meet the supplier'?"¹²⁰

"a) Should there be further communication with some of the smaller contractors about getting the information onto the portal and b) giving further training about how the system works?"¹²¹

¹¹⁸ Submission – IOD – 1st August 2024

¹¹⁹ Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025 – p.18

¹²⁰ Submission – Jersey Chamber of Commerce – 29th August 2024

¹²¹ Submission – Jersey Construction Council – 8th August 2024

119. During the public hearing, the Chief Executive of the Jersey Chamber of Commerce highlighted that there was, however, a strong desire for more engagement and networking opportunities for local businesses:

Chief Executive Officer, Jersey Chamber of Commerce

*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.*¹²²

Recommendations for Improvement

120. In summary of the points raised by the representative groups for local businesses, it has shown that the following key points should be improved by Government in order to assist local businesses when engaging in procurement activity:

Enhanced Communication: Establishing better communication channels and feedback mechanisms between the government and businesses. This includes providing detailed feedback on unsuccessful tenders and maintaining regular communication throughout the procurement process.

Simplified Processes: Simplifying the procurement process to make it more accessible to SMEs. This could involve reducing the amount of documentation required, streamlining procedures, and making the process more user-friendly.

Training and Support: Providing more training and support for businesses to navigate procurement systems. This could include workshops, webinars, and one-on-one support to help businesses understand and use systems like SAP Ariba.

Meet-the-Buyer Events: Organising events to facilitate direct interaction between government buyers and local suppliers. These events can help businesses understand the procurement process, meet key decision-makers, and showcase their capabilities.

121. Following the feedback received by local business representatives, the PAC questioned what outreach had been done with suppliers by the Commercial Services team to raise awareness of the work that was being requested by Government

Deputy I. Gardiner:

Did you reach out to them or they reach out to you?

Interim Director, Commercial Services:

I have reached out to them and they have reached out to me or to us. I had a number of discussions with the likes of Tony Moretta from Digital Jersey, who has been outlining some of the challenges that that sector faces. I sat with the

¹²² Public Hearing – CEO Chamber of Commerce, Chair IOD and Chair JCC – 29th January 2025 – p.23

*Construction Hub, which I am a member of now, and met with some of the local building companies. In terms of, at the moment, the emphasis is upon them to work with large companies in the U.K. (United Kingdom), they would like the opportunity to actually lead the opportunity and for them to partner with people in the U.K. So these are the discussions that we are having. They are early days, but that is it.*¹²³

122. Furthermore, it was confirmed that industry events had taken place with Digital Jersey with 40-plus local suppliers where information was given about the pipeline of work that was being brought forward by Government where tenders and quotations would be requested.¹²⁴ The Interim Director for Commercial Services also explained that these initiatives were in their 'early days' and that they wished to build rapport with suppliers and be more aware about what they can offer. This would ultimately be beneficial to Government when looking at its requirements and for identifying new opportunities.¹²⁵

123. The Interim Director for Commercial Services also gave the following view in relation to the perception of difficult relationships with suppliers and the need to do further outreach work (noting the capacity of the Commercial Services team):

Interim Director, Commercial Services:

*I suppose from a supplier perspective, if they are thinking that we are going to be not giving them work because we have had a difficult relationship that might determine how they behave, which is not how we see things. I think that through the surveys that I have seen, we need to do more reaching out to suppliers, but we are a small team. We need to work more closely with some of our colleagues who have these relationships. I think it is a fine line.*¹²⁶

124. It is the understanding of the PAC that the Commercial Services team intends to undertake a survey of suppliers during 2025 to gather further views on the challenges and experiences of suppliers in relation to the procurement process. This work should be taken forward as a matter of priority by Government.

FINDING 23

Whilst there have been some instances of engagement between Government and local business/charities to highlight the potential opportunities through the procurement process, the PAC has found that this is happening on a more ad hoc basis, rather than a more co-ordinated and planned basis.

RECOMMENDATION 13

The Treasurer of the States and Commercial Services team should seek to regularise meetings with local business representative bodies and representatives from the charitable sector to discuss challenges and barriers to SMEs/Charities seeking to engage with Government in the procurement process. This should be done to identify improvements that could be made to the processes to ensure local businesses/charities of all sizes are able to effectively engage within the procurement process.

RECOMMENDATION 14

The Commercial Services team should bring forward the intended survey of local suppliers to understand the challenges they are facing within the procurement process (as well as use of

¹²³ Public Hearing – Treasurer of the States – 7th May 2025

¹²⁴ Public Hearing – Treasurer of the States – 7th May 2025

¹²⁵ Public Hearing – Treasurer of the States – 7th May 2025

¹²⁶ Hearing – Treasurer of the States – 7th May 2025

the Connect Suppliers ARIBA system) as a matter of priority during 2025 with a view to reporting by the end of Quarter Four 2025. The findings of this work should be reported to the PAC with a clearly defined action plan for addressing recommendations identified from the survey results.

7.2 PAC Survey Results

125. The PAC conducted a survey to understand the views of both suppliers engaging with Government and suppliers who did not provide services, specifically in relation to the SAP Ariba system. The PAC's survey was promoted via the States Assembly social media channels and by email to various bodies that represent local suppliers. The survey was designed to be self-selecting so that both suppliers and non-suppliers could complete it. As such, a screener question was provided at the start to identify this status. Selecting one option would then allow for a specific set of questions to be provided. Noting this selection method, it is important to state that the results of this survey are anecdotal and were not based on a specific sample group. The PAC received a total of 67 responses to the survey with 67.1% of respondents registered as suppliers with the Government of Jersey on the SAP Ariba system, while 32.9% were not.

126. The following responses relate to respondents who identified themselves as suppliers to the Government of Jersey:

Satisfaction with SAP Ariba System

Overall Satisfaction:

- Very satisfied: 0%
- Satisfied: 22%
- Neither satisfied nor unsatisfied: 33%
- Unsatisfied: 20%
- Very unsatisfied: 24%
- Net: -22%

Support and Training:

- Very satisfied: 2%
- Satisfied: 7%
- Neither satisfied nor unsatisfied: 15%
- Unsatisfied: 47%
- Very unsatisfied: 29%
- Net: -67%

Speed of Payment:

- Very satisfied: 7%
- Satisfied: 33%
- Neither satisfied nor unsatisfied: 31%
- Unsatisfied: 15%
- Very unsatisfied: 13%
- Net:

Onboarding and Sign-Up Process:

- Very satisfied: 2%
- Satisfied: 18%
- Neither satisfied nor unsatisfied: 27%

- Unsatisfied: 35%
- Very unsatisfied: 18%

Communication of Updates:

- Very satisfied: 4%
- Satisfied: 4%
- Neither satisfied nor unsatisfied: 40%
- Unsatisfied: 31%
- Very unsatisfied: 20%

Support for Challenges:

- Very satisfied: 0%
- Satisfied: 20%
- Neither satisfied nor unsatisfied: 24%
- Unsatisfied: 29%
- Very unsatisfied: 20%
- Not applicable: 7%

Catalogue System

29% of respondents who identified as suppliers provide a catalogue of items/services on the SAP Ariba system, while 71% do not.

Satisfaction with Catalogue System:

- Very satisfied: 0%
- Satisfied: 0%
- Neither satisfied nor unsatisfied: 67%
- Unsatisfied: 8%
- Very unsatisfied: 25%

General Comments on Procurement Process**Overall Satisfaction:**

- Very satisfied: 0%
- Satisfied: 7%
- Neither satisfied nor unsatisfied: 36%
- Unsatisfied: 31%
- Very unsatisfied: 25%

Category	Very Satisfied (%)	Satisfied (%)	Neither Satisfied nor Unsatisfied (%)	Unsatisfied (%)	Very Unsatisfied (%)	Net (%)
<u>Satisfaction with SAP Ariba System</u>						
Overall Satisfaction	0	22	33	20	24	-22
Support and Training	2	7	15	47	29	-67
Speed of Payment	7	33	31	15	13	12
Onboarding and Sign-Up Process	2	18	27	35	18	-33
Communication of Updates	4	4	40	31	20	-43

Support for Challenges	0	20	24	29	20	-29
<u>Satisfaction with Catalogue System</u>						
Satisfaction with Catalogue System	0	0	67	8	25	-33
<u>General comments on procurement process</u>						
Overall satisfaction.	0	7	36	31	25	-49

General Comments on SAP Ariba and Procurement Processes

Key Issues Highlighted:

- Delays in payment despite invoices being marked as payable immediately.
- Lack of feedback and communication from the procurement team.
- The system is seen as difficult to understand and not user-friendly.
- Inconsistent use of the system across different government departments.
- Excessive emails and administrative burden associated with the system.
- Perceived bias and decisions based on personal links rather than merit.

Non-Registered Suppliers

127. The following section of the survey results relates to respondents who identified themselves as not supplying goods or services to Government. The PAC wished to understand whether there were barriers to becoming a supplier, how aware these businesses were of what they could supply to Government

Consideration of Becoming a Supplier:

Yes: 69.57%

No: 30.43%

Barriers to Registration:

Complexity of the process: 50.00%

Length of the process: 37.50%

Lack of transparency: 43.75%

Lack of communication: 43.75%

High costs: 12.50%

Other reasons include lack of trust in the Government and the system not being relevant to their business.

Awareness of Process:

Yes: 33.33%

No: 38.10%

Not sure: 28.57%

Awareness of Information Sources:

Yes: 42.86%

No: 28.57%

Not sure: 28.57%

8. Charity and Third Sector Engagement

8.1 View of the Charitable and Third Sector

128. The PAC wrote to the Association of Jersey Charities (AJC) to gather views from the charitable sector in relation to their experience with Government procurement and commissioning of services. The AJC provided an in-depth submission detailing a number of areas relating to the experience of the organisations that they represented. The AJC also provided their report [‘The Power of Partnership: A review of how Government and Charities work together’](#), which contained relevant information in respect of procurement. The following section provides an overview of some of the key points raised within the submission.

Positive Aspects of Government Procurement/Commissioning:

129. It was noted in the submission that there was a strong relationship between charities and the Government, with charities highlighting many positive experiences and mutually respectful relationships with their designated Government funding contacts.¹²⁷ Furthermore, sufficient Government funding that reflects the true costs of service provision is highly valued.¹²⁸ Along with positive comments about relationships and finding it was also noted that charities appreciate being involved in constructive debates and being treated as equals by Government officials.¹²⁹

Concerns with Current Processes:

130. Concern was, however, raised around the current short-term funding cycles that existed between Government and charities, often just annual funding cycles which were noted as creating financial instability and stifling innovation within the sector.¹³⁰ Often late notification of funding decisions was given to charities which exposed them to financial risks.¹³¹ Further clarity was also highlighted as being required around funding processes and terminology as this tended to create confusion and inefficiencies for charities.¹³² Finally, current funding from Government often focused on service provision rather than building capacity within the sector.¹³³

Issues with Invoicing:

131. One specific issue was raised within the submission in relation to the Ariba System in that some charities found the Ariba system difficult to navigate, leading to delays in invoice processing and significant administrative burdens. This is a similar view shared by the business community.¹³⁴

Communication and Engagement:

132. It was noted in the submissions that there had been a lack of dialogue between charities and Government and that no formal conversation had taken place to address

¹²⁷ Submission – Association of Jersey Charities – February 2025

¹²⁸ Submission – Association of Jersey Charities – February 2025

¹²⁹ Submission – Association of Jersey Charities – February 2025

¹³⁰ Submission – Association of Jersey Charities – February 2025

¹³¹ Submission – Association of Jersey Charities – February 2025

¹³² Submission – Association of Jersey Charities – February 2025

¹³³ Submission – Association of Jersey Charities – February 2025

¹³⁴ Submission – Association of Jersey Charities – February 2025

these concerns, though plans are in place to organise discussions.¹³⁵ Furthermore, barriers to success were highlighted in respect of communication with short-notice requests, a perceived lack of accountability, and transparency issues potentially hindering effective engagement with Government processes.¹³⁶

Feedback Mechanisms:

133. Inconsistent reporting requirements was also highlighted by the AJC as being of concern. While some charities met quarterly with Government officials, there was a perceived inconsistency in reporting requirements and a lack of mechanisms for charities to raise issues across the board.¹³⁷

Recommendations for Improvement:

134. In conclusion, the AJC submission highlighted a number of recommendations for further improvement and also identified some specific points that should be considered by Government, both from the submission and the Power of Partnership report, the recommendations of which it was suggested should be implemented by Government.¹³⁸ It should be noted that Government was not consulted on the production of this report, however, it is in the process of drafting a response. These were highlighted as follows:

- **Multi-year Funding:** Standardise multi-year and index-linked annual funding to ensure financial sustainability.
- **Political Advocacy:** Increase political recognition and advocacy for charities, potentially through the creation of a Charity Minister role.
- **Mutual Trust and Respect:** Develop open and transparent conversations about power dynamics to build mutual trust and respect.
- **Standardised Social Value Reporting:** Collaborate with external experts to create a standardised approach to social value reporting and business planning. It was noted that funded charities add value to procurement outcomes, though this is not always fully captured. A formalised matching system for social value commitments could enhance impact.
- **Diverse Funding Models:** Adopt various funding mechanisms, including capacity-building funding, cross-departmental funding, and a grants portal.¹³⁹

135. The following training and support were also highlighted as being important to the charitable sector:

- **Procurement Training:** Provide more training and support to help charities navigate procurement processes and become confident suppliers.
- **Lower Thresholds:** Lower the threshold for social value contributions in procurement contracts to allow more charities to compete effectively.¹⁴⁰

136. One area that the PAC wished to gain assurance over was whether charities who held contracts across different departments were able to negotiate with a central point rather than spend time and resource negotiating separately with different departments. This was questioned during a public hearing:

¹³⁵ Submission – Association of Jersey Charities – February 2025

¹³⁶ Submission – Association of Jersey Charities – February 2025

¹³⁷ Submission – Association of Jersey Charities – February 2025

¹³⁸ Submission – Association of Jersey Charities – February 2025

¹³⁹ Submission – Association of Jersey Charities – February 2025

¹⁴⁰ Submission – Association of Jersey Charities – February 2025

Deputy I. Gardiner:

They are supplying, for example, medical services, and they can supply across the departments, by the way. It is not always going to the Health; it can go into Education, it can go into the Social Security. Not Social Security, we are talking about employment, housing, whatever. So it can actually be across these 3 departments. So do this, and then, from my understanding, they would not negotiate with your team, they will have 3 negotiations with 3 different departments.

Group Director, Commercial Services:

They could do that. Or they could ask us to negotiate across 3, 4 or several departments.

Deputy I. Gardiner:

So it depends on the departments?

Group Director, Commercial Services:

Yes. I mean, it could, I suppose theoretically, for whoever is involved in this, they might actually come to the centre and say: "Could this be done in a different way?" It is a 2-way thing. This particular example, if they felt that they would perhaps benefit from one contract across the 3, there is no harm in coming to the centre to ask and to discuss with us if that is something that could be achieved. That is a communication issue. We are not saying we would not do it.¹⁴¹

137. The PAC notes that this is not current practice, however, Commercial Services would be open to a conversation to look at whether this was possible to be achieved. The PAC would suggest that this is something that should be taken forward by Commercial Services and charities to help ease the administrative burden on both sides. It was explained during factual accuracy checking for this report that this matter is on the agenda for the cross-government commissioning group which has representatives from Commercial Services.

FINDING 24

The PAC has received evidence from the charitable sector which highlighted concerns with the current short-term funding cycles that existed between Government and charities. It also found that some charities found the Ariba system difficult to navigate, leading to delays in invoice processing and significant administrative burdens. A lack of dialogue between charities and Government and that no formal conversation had taken place to address these concerns, though plans are in place to organise discussions was also raised. Charities have already offered recommendations for improvements which Government are due to respond to.

FINDING 25

Charities which provide services to several departments are required to negotiate separate contracts with each department, rather than one overall contract with Government.

FINDING 26

The charitable sector has highlighted a need for Government to provide more training and support to help charities navigate procurement processes and become confident suppliers. It has also noted that lowering the threshold for social value contributions in procurement contracts would allow more charities to compete effectively.

¹⁴¹ Public Hearing – Treasurer of the States – 7th May 2025

RECOMMENDATION 15

Where a charity is providing services across more than one department with separate contracts, the Government of Jersey should seek to introduce a single point of contact, from within existing resources, which can assist charities in the negotiation and renewal of contracts. This will assist charities in providing a single point of contact and provide better value for money for Government. This should be put in place by the end of Quarter One 2026.

RECOMMENDATION 16

The Government of Jersey should review the current funding cycles for charities with a view to moving towards a guaranteed 3-year funding cycle. This will assist charities in terms of financial security and also feed into the long-term vision for Government services to the public. This should be completed in time for inclusion in the Budget 2027 – 2030.

9. Areas for Consideration

9.1 Commercial Services Team

138. The PAC questioned the Treasurer of the States and the Interim Director for Commercial Services about the current structure and capacity of the Commercial Services team. The following information was provided by the Interim Director:

Mr. P. Taylor:

Now then, just moving on, in terms of procurement officers, shall I call them, there are procurement officers within the departments that are responsible for the procurement and also in your department as well?

Interim Director, Commercial Services:

*Yes, we have got the central team. There are a number of people who work within departments who are procurement specialists. If I take I. and E., for example, there is someone who worked for me who is now working in I. and E managing ... doing the procurement effectively at arm's length, but has a good relationship with the centre. There are other areas in Health. I have got 2 people who are working in Health, but they do not do all the procurement in Health. They have a small portfolio.*¹⁴²

139. The PAC also wished to know the skillset that was required for someone working within the Commercial Services team. It was explained that there is a recognised qualification from the Chartered Institute of Procurement and Supply, and that this can be undertaken at various levels.¹⁴³ It was also noted that some of the team are currently working their way through C.I.P.S. (Chartered Institute of Procurement and Supply). It was, however, noted that it was not necessarily required to have this qualification.¹⁴⁴ The Interim Director for Commercial Services also noted the following experience that was required within the team:

Interim Director, Commercial Services:

*Good commercial skills, other work experience in other similar environments is helpful. You do have to be numerate and understand. You also have to understand as well the softer side in terms of talking to people around their specification and really getting to grips with what they actually want to buy. So good communication skills, good numeracy, legal; you need to have some legal understanding, particularly in the buying of goods and services, so law.*¹⁴⁵

140. It is noted by the PAC that the Commercial Services team is relatively small. As a result of this, the PAC wished to know whether there were any gaps within the team at all:

Interim Director, Commercial Services:

We have got a relatively small team and I would say there are some gaps in some areas. They are sometimes filled by external consultants. We have got some in the digital area, for example, working in Digital Services. That is a particular skillset; digital is one category. I tend to look at this as categories of spend and then what skills you need to have in those. So Digital you need to obviously understand what is happening in the digital world, Health you need

¹⁴² Public Hearing – Treasurer of the States – 7th May 2025

¹⁴³ Public Hearing – Treasurer of the States – 7th May 2025

¹⁴⁴ Public Hearing – Treasurer of the States – 7th May 2025

¹⁴⁵ Public Hearing – Treasurer of the States – 7th May 2025

*to understand N.H.S., how the drug companies work. So you have got to be sector specific.*¹⁴⁶

141. It was important for the PAC to understand if capacity within the team could create a risk for the organisation. It was confirmed by the Interim Director for Commercial Services that this was light in some areas and this carried a potential risk.¹⁴⁷ It was also noted that the central team could cover or buy in resource where required, however, there was a chance that cover would be required and the central team was experienced in doing that.¹⁴⁸ It was also confirmed that the central team worked with departments where experienced people worked and held relationships with their suppliers and were managing contracts, meaning not everything was down to the central team.¹⁴⁹
142. Noting the possible cover arrangements from the central team within the departments, the PAC wished to understand what the ultimate responsibility was of the Commercial Services team and the departments.

Mr. P. Taylor:

I am going to ask a very basic question, for which I apologise, because I do not really understand. What is the difference between the responsibility of the Commercial Services Department and the departments? Who does what?

Interim Director, Commercial Services:

*It is a bit of a mixed picture at the moment, but generally the central team are responsible for setting policy and process. Recording of breaches and exemptions is a good example. Setting policy and procedure, so making sure that the Public Finance Manual is up to date and in accordance with law. We work closely with the Government's team in that area, making sure that our guidance is clear and up-to-date and consistent. That is our sort of policy procedure piece. Then doing corporate contracts, so where there is commonly bought items from across government, we would look to leverage our volume, if it is a volume-based commodity, to ensure better pricing, to make it easy for people to access those contracts. So terms and conditions are agreed and basically they are raising orders against a contract. It would be for us to make sure it does not go into breach or go over the value. If it does, to do something about it. That is the central role.*¹⁵⁰

143. Ultimate responsibility for procurement rests with the Accountable Officers of the various departments, however, they are bound by the guidance of the Commercial Services team, including that set out within the Public Finances Manual, and are expected to follow that.¹⁵¹
144. The PAC also questioned who held responsibility for negotiating corporate contracts. It was noted by the Interim Director for Commercial Services as follows:

Interim Director, Commercial Services:

If it is a corporate contract, it will be one of the team or part of the team. We would have other members of government involved; who is going to be the main recipient, who is going to use this the most, so key stakeholders, to ensure that we have got the definitions right, that we have got the right goods or

¹⁴⁶ Public Hearing – Treasurer of the States – 7th May 2025

¹⁴⁷ Public Hearing – Treasurer of the States – 7th May 2025

¹⁴⁸ Public Hearing – Treasurer of the States – 7th May 2025

¹⁴⁹ Public Hearing – Treasurer of the States – 7th May 2025

¹⁵⁰ Public Hearing – Treasurer of the States – 7th May 2025

¹⁵¹ Public Hearing – Treasurer of the States – 7th May 2025

services defined. So it would be a collective, collaborative approach in terms of agreeing that contract. We would be responsible for monitoring usage and the relationship with the supplier or suppliers if it is a framework.

Mr. P. Taylor:
Who signs it?

Interim Director, Commercial Services:
*We do.*¹⁵²

145. It was noted that, at present, there were currently 20 corporate contracts across the organisation which related to items and services such as fuel, managed print, travel, disposal of confidential waste and Janitorial supplies (amongst others).¹⁵³ It was explained that the organisation preferred to have estimates of quantities used in order to understand whether value for money was being achieved or not and that historical data was used to identify potential spend.¹⁵⁴

FINDING 27

The Interim Director for Commercial Services highlighted limited capacity in the Commercial Services team as a risk.

RECOMMENDATION 17

The Government of Jersey should undertake an urgent review of the capacity and scope of the Commercial Services team to ensure it is able to adequately provide the functions it is stated to deliver. This should be completed by the end of Quarter Three 2025. Consideration should also be given to the impact of the current recruitment freeze and whether this is required to be lifted to fill roles within the team where there is a risk to the function of the section.

¹⁵² Public Hearing – Treasurer of the States – 7th May 2025

¹⁵³ Public Hearing – Treasurer of the States – 7th May 2025

¹⁵⁴ Public Hearing – Treasurer of the States – 7th May 2025

9.2 Risk Mitigation in Procurement Practices

146. One area that the PAC held particular interest in was in relation to risk mitigation processes within procurement practices. In particular, the PAC was interested to understand how Government monitored practices to ensure that the sourcing route thresholds were not being abused or used in ways that did not align with best practice in procurement. This was identified by the PAC as being important to ensure that potential fraud and corruption was being identified and addressed. The PAC questioned the Interim Director of Commercial Services during a public hearing about the risk mitigations in place across the various processes:

Interim Director, Commercial Services:

We have a process of managing risk corruption across all of our processes. The fact that whatever size or value it is the same principles apply, and we regularly run reports on expenditure and, in some cases, and certainly the C. and A.G. has done the same exercise running reports at under £25,000, so looking to see where perhaps disaggregation of spend may be happening. That is one indication that we would look for to determine whether we should ... if there is anything of interest there that we need to raise. Certainly the C. and A.G. has helped us with that analysis. The same rules apply whether it is £25,000, £100,000 or over £100,000 in terms of when we are engaging with suppliers to do some due diligence checks on them to verify if they are bona fide, to make sure that they have, certainly within the £25,000 to £100,000, the appropriate standards, they have the right mechanisms in place. If we have asked for certain qualities, standards, particular I.S.O. (International Organisation for Standardisation) standards, that we make sure that they are fit for purpose and they are able to bid for the work.¹⁵⁵

147. One particular issue that the PAC had identified through consideration of the thresholds, was the potential for suppliers to submit separate bids for an overall piece of work in order to avoid the requirement of an upper sourcing route. For example, a supplier may submit two bids of £24,999 for separate parts of a project to come in under the sourcing route requiring a full tender process. Whilst this is a hypothetical situation, the PAC was interested to know whether there were suitable mitigations in place to prevent this from happening:

Deputy I. Gardiner:

So basically, if I understood correct, there is no automatic trigger that will raise a flag that there is a company that continues to accumulate spending with bids under £24,999. Is that correct?

Treasurer of the States:

So the risk becomes ... if they deliver those contracts for £24,999, that risk is far reduced. If they extended, so they gained the work at £24,999, but subsequently on that particular contract went above that, then there is a requirement for the department or, in the case of corporate contracts, the Treasury to go through an exemption and breach process. If you started to see a pattern emerging by reviewing breaches and exemptions log then you would start to see that a particular entity or a particular department, for example, had a proliferation of exemptions or breaches that were caused by extending contracts beyond the limit for which they were first getting them. That is the process you would see. If, however, a supplier was quoting whatever that

¹⁵⁵ Public Hearing – Treasurer of the States – 7th May 2025

*number was and fulfilling those contracts in different departments, that is not the same risk as getting the work on one threshold and then extending beyond that.*¹⁵⁶

148. Noting the response from the Treasurer, the PAC notes that this potential issue would be mitigated against by monitoring the contracts against potential breaches if they were to go above the previously agreed amount. Patterns would be identified through the breaches register and addressed accordingly (please note this process is set out in the previous section of this report explaining breach procedures).
149. A further mitigation against risk for contracts was outlined by the Treasurer of the States in relation to ensuring that businesses are aware of the work that is being requested by Government, both in terms of current and future need. It was stressed that this was particularly important to mitigate against possible confusion, bottlenecks of work and frustration and the central team and departments not being aligned:

Treasurer of the States

*I would however say, and it used to happen and we have started it more now, importance here in terms of businesses being aware of what the work is, is fed by improved engagement with local businesses so they can see the work coming. This is a common thing that goes throughout. If commercial services do not understand the department's pipeline of work, then we end up with bottlenecks, we end up with frustration, we end up with departments and commercial services not perhaps being 100 per cent aligned. Similarly, between Commercial Services and the department, if suppliers do not see what the pipeline of work is, if they do not even know what the work is, then they will not know how to go about bidding and they will not know how to go about preparing to gear themselves up, perhaps in partnership with other entities or other companies to get that work.*¹⁵⁷

150. The PAC was also interested to understand how risk was mitigated against in emergency situations where the usual checks may be truncated to quickly address emerging situations (for example the recent COVID-19 pandemic). The following information was provided during a public hearing:

Interim Director, Commercial Services:

In an emergency, there are certain checks and balances you would need to put into place but you would need to know cost estimates and have an understanding of what those costs would have been in a normal situation.

Deputy I. Gardiner:

Do we have it within P.F.M. (Public Finance Manual), do you have it as a framework, do you have it as a guidance, emergency procurement, anything that is structured?

Treasurer of the States:

Answering this question from the perspective of the Infrastructure Department, sea defences for example, they have frameworks or contracts in place.

Interim Director, Commercial Services:

Yes, they do.

¹⁵⁶ Public Hearing – Treasurer of the States – 7th May 2025

¹⁵⁷ Public Hearing – Treasurer of the States – 7th May 2025

Treasurer of the States:

Already in place for the provision of materials, if I can put it that way. Materials are generally the thing you need to fill sinkholes with, and they will go to those existing framework contract holders?

Interim Director, Commercial Services:

*Yes, they do.*¹⁵⁸

151. Furthermore, the PAC questioned whether frameworks existed in relation to emergency procurement that were able to be followed by departments in cases of emergency. The Treasurer of the States outlined the following steps that would be taken in this instance:

Treasurer of the States:

*If you want to talk about actual emergency in the sense of pandemic, then much of that was controlled through Caroline's predecessor and me signing off on exemptions ... pretty much usually exemptions from existing supply routes. We were obviously having to investigate and look at supply routes. We were always having to ... we were in the normal course of business pursuing. I think in a sense of ... so that would then mean that we would have to do risk assessment regarding those. We would have to be doing the usual steps you would expect but on a higher risk appetite throughout that and at pace in order to procure this. But they were generally mostly signed off. In the case of sinkholes, well sinkholes are sinkholes but sea defences often have holes in them arising from storms, and that department will have contracts in place to call down.*¹⁵⁹

152. Further information was provided by the Commercial Services team in written correspondence in relation to how departments mitigated against spend risk and Accountable Officers should maintain oversight of this:

*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.*¹⁶⁰

153. There are also policies in place in relation to mitigating against preferred or known suppliers being utilised regularly by departments. This would usually require an exemption being submitted. The following information was provided in written correspondence from the Commercial Services team:

*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.*¹⁶¹

¹⁵⁸ Public Hearing – Treasurer of the States – 7th May 2025

¹⁵⁹ Public Hearing – Treasurer of the States – 7th May 2025

¹⁶⁰ Letter – Commercial Services – 6th May 2025

¹⁶¹ Letter – Commercial Services – 6th May 2025

154. Furthermore, the PAC was informed that 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.¹⁶²
155. The PAC also examined how conflicts of interest were managed and were informed that it is mandated under Commercial Services Best Practice guidance for all stakeholders involved in a procurement evaluation exercise to declare any Conflicts of Interest (COI) or perceived conflicts.¹⁶³ It was also noted that all Commercial Services personnel provide a Conflict of Interest statement annually.¹⁶⁴ Accountable Officers are obliged to ensure officers involved in an evaluation process record conflict of interest statements and seek guidance from Commercial Services where required. Completed forms are retained and are available for review by audit.¹⁶⁵

9.3 Use of Contracted Evaluators

156. One area where the PAC was interested to ascertain more information, was in relation to whether the Government utilised contracted evaluators to score tenders. This was noted as being something which had occurred during the joint and subsequent Jersey only ferry tender processes given the size and complexity of the matters. The PAC questioned this during a public hearing with the Interim Director of Commercial Services:

Deputy R.S. Kovacs

The next area, we are looking at the use of contracted evaluators. As we know, some tender processes require expertise above what we have in-house, but those external evaluators can also raise concerns about conflicts of interest and even scoring and such. Under what circumstances do you appoint external evaluators?

Interim Director, Commercial Services:

We had external evaluators working on the ferry contract. They tend to be the large and more complex ... it is not routinely used. We may bring in people with expertise to sit alongside the team, but I have not used the words "contracted evaluators" until I saw it written down; so yesterday or whenever. I am not familiar with that term, apart from with the ferry contract we did have expert advice brought in.

Deputy R.S. Kovacs:

The expert advice would be the external evaluator that assures the best value or due diligence or such.

Interim Director, Commercial Services:

*Yes.*¹⁶⁶

157. The PAC also questioned whether there was a particular threshold or complexity that would trigger the use of external evaluators. It was explained that it was the complexity and expertise in particular areas where Government may not have that specialist knowledge that it would bring in an expert to support the process.¹⁶⁷ It was, however, noted

¹⁶² Letter – Commercial Services – 6th May 2025

¹⁶³ Letter – Commercial Services – 6th May 2025

¹⁶⁴ Letter – Commercial Services – 6th May 2025

¹⁶⁵ Letter – Commercial Services – 6th May 2025

¹⁶⁶ Public Hearing – Treasurer of the States – 7th May 2025

¹⁶⁷ Public Hearing – Treasurer of the States – 7th May 2025

that Government would not contract out the whole of the process and that it would bring in people, or a person, who had the specific experience to help guide and give more information for the team to make a decision.¹⁶⁸

158. It was also important to ascertain in circumstances where external evaluators were used how conflicts of interest were identified to ensure they were appropriate and conflict free. The Interim Director of Commercial Services provided the following response during a public hearing:

Interim Director, Commercial Services:

Well, we would run the usual checks on them, so making sure conflicts of interest, previous work, the usual things you do when you are bringing any external into the organisation. It may have a slightly different focus but we have gone through to make sure that they were able and competent to do it and had no conflicts.¹⁶⁹

159. Finally, the PAC wished to understand how consistency was maintained where multiple external evaluators were involved and requested this information during a public hearing:

Deputy R.S. Kovacs:

How would you say is the consistency maintained when multiple evaluators are involved? Have you had any cases like that?

Group Director, Commercial Services:

The way we set those up is, if it is a complex tender, you would have different people working on different workstreams which would then be moderated at the end and then there would be a consensus. It can be quite a complex process and I am thinking one of the big complex I.T. (information technology) projects we had the various elements, so knowledge of the software, knowledge of systems, we had people related, we had terms and conditions, so that again is a team effort with bringing in the expertise to make sure. Then also you have got your subject matter experts within the department. If it is to do with a people services-type system you would bring in people from the People Services team to be part of that process but it would not just be a couple of people sitting in a room.¹⁷⁰

FINDING 28

External consultants are sometimes brought in by the Commercial Services team to provide additional expertise for large scale tender projects. Whilst there is no set threshold where this would be applied, this often tends to be where there is a lack of internal expertise in a certain area. A recent example of this was in relation to the ferry tender process.

¹⁶⁸ Public Hearing – Treasurer of the States – 7th May 2025

¹⁶⁹ Public Hearing – Treasurer of the States – 7th May 2025

¹⁷⁰ Public Hearing – Treasurer of the States – 7th May 2025

9.4 Feedback to Unsuccessful Tenderers

160. Within the survey conducted by the PAC and submissions received by business representative bodies, one area of concern highlighted in the response from businesses to the survey was that feedback was not provided when a business was unsuccessful in a tender process. The PAC wanted to question this matter further with the Commercial Services team and asked what processes were in place for gathering feedback. The following response was given during a public hearing:

Interim Director, Commercial Services:

We do encourage feedback, but not everyone either has the time or wants to give you feedback. We want feedback because that is how we can improve. Sometimes it is disappointing if something has been going on for a while and the first we hear about it is when they are very dissatisfied. But that is just something we need to work on and improve. I think working more closely with the suppliers and getting to understand their pipelines and their challenges will help us improve where it needs to be.¹⁷¹

161. The PAC also questioned what specific processes were followed in the event a business was unsuccessful in a tender process. It was confirmed that Commercial Services would invite any unsuccessful tenders for a debrief, which they have with both the supplier and the unsuccessful suppliers.¹⁷² The intention of this is to give them honest, constructive feedback, supported by evidence, such as scoring. This process would also identify where they did well and where they could have done better.¹⁷³ It was also noted that this was the same process regardless of the size of the contract.¹⁷⁴

162. Consideration was also given by the PAC to whether there was an appeal process for suppliers who may not be happy with the outcome of a tender process. The Interim Director for Commercial Services explained the following:

Mr. P. Taylor:

Can I appeal against your decision?

Interim Director, Commercial Services:

You can raise a concern but it depends where we are in the process. We generally give them feedback once we have picked the supplier. I suppose the hard answer is no, but you can definitely give us feedback and, if it was a very strong concern, then I suppose we would seek legal advice as to whether that was worthy of consideration.

Mr. P. Taylor:

So feedback can go both ways?

Interim Director, Commercial Services:

Of course.¹⁷⁵

163. It was also explained by the Interim Director for Commercial Services that there should not be a future impact on suppliers applying for other tenders as a result of providing negative

¹⁷¹ Public Hearing – Treasurer of the States – 7th May 2025

¹⁷² Public Hearing – Treasurer of the States – 7th May 2025

¹⁷³ Public Hearing – Treasurer of the States – 7th May 2025

¹⁷⁴ Public Hearing – Treasurer of the States – 7th May 2025

¹⁷⁵ Public Hearing – Treasurer of the States – 7th May 2025

feedback on the process were they unsuccessful.¹⁷⁶ This does, however, appear to go against the anecdotal feedback received from businesses in submissions. This suggests that, whilst it may be the intention of Government to provide feedback in a consistent manner, this may not fully be the case in practice.

FINDING 29

The evidence received by local business representatives and the Commercial Services team appears to differ as to whether feedback is routinely provided to unsuccessful tenderers after the process has taken place. It was highlighted in submissions that this lack of feedback prevents businesses from understanding their shortcomings and improving future submissions and tender processes. Whilst there are policies in place to stipulate the need to provide feedback, the PAC is concerned that this may not be the case in practice.

RECOMMENDATION 18

The Commercial Services team should ensure that all departmental officers tasked with providing feedback for unsuccessful tenderers are provided with a refresher update on the processes to be followed when providing feedback to ensure that this is being routinely done in a consistent manner. This should be completed by the end of Quarter Four 2025.

9.5 Future Plans for Procurement Thresholds

164. Noting the current sourcing routes and practices within Government procurement, the PAC investigated whether any plans were in place to adjust the current thresholds. It was explained that an initiative was underway to assess the Commercial Services function current working practices against the principles of effective public sector procurement.¹⁷⁷ The following improvements to processes and service were set out within written correspondence from the Commercial Services team:

- *Procurement strategy documents to include a risk-and-cost-based analysis of all available approach options for procurement, proportionate to the scale of project.*
- *Review points for procurement requirements, will be further included within the established CPMO and business case stages.*
- *A review of existing Procurement Routes to ensure proportionality: high value, high risk procurements will attract more scrutiny, whilst low-mid value, lower-risk, higher volume procurements will follow more streamlined processes.*
- *Terms and conditions defined within the Procurement Strategy and included within specification of requirements. Bidders will be invited to offer contractual observations at the outset stage.*
- *Contractual obligations to proactively transfer knowledge to make best use of internal staff resources in future technology programmes.*¹⁷⁸

165. The PAC was also informed in written correspondence that the existing thresholds were originally introduced in 2006.¹⁷⁹ Treasury and Exchequer (T&E) is currently reviewing these thresholds, although no recommendation has yet been presented or decided.¹⁸⁰ It was explained that any proposed change would need to be based upon the need for proportionate controls and balance the risk appetite of the organisation with efficient use

¹⁷⁶ Public Hearing – Treasurer of the States – 7th May 2025

¹⁷⁷ Letter – Commercial Services – 6th May 2025

¹⁷⁸ Letter – Commercial Services – 6th May 2025

¹⁷⁹ Letter – Commercial Services – 6th May 2025

¹⁸⁰ Letter – Commercial Services – 6th May 2025

of resources, the competence of users (buyers) across the organisation and the priorities regarding local businesses and SMEs.¹⁸¹

166. 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 following information was also provided in written correspondence:

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.¹⁸²

167. Furthermore, the PAC was informed that 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) had been undertaken.¹⁸³ The following update was also given in relation to all the work that had been undertaken to date in this area:

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).¹⁸⁴

168. This was further confirmed by the Interim Director for Commercial Services during a public hearing on 7th May 2025:

Interim Director, Commercial Services:

There has been a piece of work done - a very detailed piece of work - by the team, with input from various internal parts of the organisation. We are still working through that. As I say, we are still working through what those thresholds may be. Currently we are working with the current thresholds. There is a very, very detailed piece of work which we need to kind of sense check in the real world in terms of ... and there is some work being done in terms of if we were to reduce it, for example, to the lower threshold is ... if we brought the threshold down from £25,000 to £10,000, for example, what would be the impact? Now, the impact may be that, and we have not done this piece

¹⁸¹ Letter – Commercial Services – 6th May 2025

¹⁸² Letter – Commercial Services – 6th May 2025

¹⁸³ Letter – Commercial Services – 6th May 2025

¹⁸⁴ Letter – Commercial Services – 6th May 2025

*of work ... and we do that across the board. It may be that local suppliers, when we get some of this feedback is they find it onerous to bid for work because our tender thresholds require lots and lots of information, big documents. That may unlock more opportunities for local suppliers. So, we are just doing a bit more work on what has already been a very thorough piece of work from my team. But we have not agreed yet.*¹⁸⁵

169. The PAC notes that this work has been undertaken but, as of the time of writing this report, there has not been any agreement as to the future direction of the sourcing route thresholds. Furthermore, it was confirmed during the public hearing that consultation with local businesses had not yet taken place and that this would need to be the next step for the Commercial Services team.¹⁸⁶ The PAC would recommend that any changes to thresholds are done with full consultation of the local business community to ensure their views and experience are taken into account.

FINDING 30

A review has been undertaken to identify whether the current thresholds for sourcing routes are appropriate and whether consideration should be given to amending them. There have, however, been no recommendations made. Consultation on any proposed changes has not been undertaken with local businesses although this is intended to be undertaken.

RECOMMENDATION 19

When considering potential changes to sourcing route thresholds, the Commercial Services team should ensure that there is wide ranging consultation with local businesses and the charitable sector to ensure their views are integrated into any potential changes. This work should be completed by the end of Quarter One 2026 with a report produced of the key findings from the consultation.

¹⁸⁵ Public Hearing – Treasurer of the States – 7th May 2025

¹⁸⁶ Public Hearing – Treasurer of the States – 7th May 2025

10. Conclusion

In conclusion to this review, the PAC notes that procurement activity represents a significant area of spend for the Government of Jersey, with some £440 million being spent alone in 2024 of the overall budget. It is also clear to note that there are a number of processes and policies in place across the organisation to guide procuring departments or services in terms of best practice. The central Commercial Services team plays a role in overseeing these arrangements, as well as monitoring possible breaches to them (e.g. where a contract overruns or poor planning has created a situation where spend is committed to without the necessary approvals). Whilst it is positive to see that these procedures are in place, the PAC holds concern that the policies and procedures may not be fully implemented across the organisation, with some potential pockets of concern existing having reviewed the breaches register (noting this is confidential internal information). It has made recommendations which it believes will assist Government in addressing this perceived issue. The PAC is also concerned about the capacity of the Commercial Services team to be able to undertake all the functions required of it, in turn creating risks across the organisation. This must also be addressed by Government.

There appears to be a disconnect between the views of Government as to how suppliers can engage with the procurement process and how local business experiences the process. The PAC's own survey, the Chamber of Commerce Survey and evidence received from local business representative groups, and the charitable sector paints a picture of suppliers and businesses struggling to engage with the process and some smaller businesses feeling unable to participate in tender processes due to capacity and time required to do so. Whilst the Commercial Services team intends to conduct a survey of its own with targeted local suppliers, the PAC believes that the evidence it has received should not be discounted purely based on its anecdotal format. The Government of Jersey must engage regularly with local business to ensure that they are informed of upcoming workstreams and be able to raise challenges and access support where needed. Furthermore, the Government should give serious consideration to the recommendations made by the Association of Jersey Charities to ensure the charitable sector is able to effectively engage with the procurement process.

The PAC would like to thank all the Government Officials, especially those within Commercial Services, who contributed to this review and all the local business representatives and charitable organisations who provided submissions. Furthermore, the PAC would like to thank all the local businesses who contributed to its survey.

11. Appendix One – Public Finances Manual – Expenditure and Procurement

[Expenditure](#) [Expenditure and procurement](#)

Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and applies to all expenditure made by Accountable Officers of States Bodies, or on their behalf. The principles should be applied to all public expenditure by any person authorised by an Accountable Officer to undertake that expenditure.

This section excludes Benefit Payments. However, such payments should be appropriately documented. It also excludes the following, which will be subject to separate, specific guidelines:

- depreciation (read Annual Financial Statements)
- impairments, losses and write offs (read Losses and Write offs)
- finance charges (read Financing)
- special payments (read Special Payments)
- grants (read Grants)
- payments to staff (other than expenses) (read relevant Human Resources guidelines)

Users of this section should refer to other sections of the Public Finances Manual that are relevant. Specifically, these include:

- Major, strategic and other projects
- Travel

Additional guidance can be found in:

- Procurement Best Practice Procedures: User Guide and Toolkit (within supporting documents)

In addition to the common risks identified in the Background and Introduction section of the Manual a number of significant risks associated with the goods, work and/or services being procured include:

- expenditure is not properly authorised
- purchases are made which either do not represent good value for money or fail to leverage the States or Government of Jersey's buying power
- expenditure is considered irregular i.e. is not spent for the purposes intended
- the States or Government of Jersey does not demonstrate sufficient adherence to the International Agreement related to Procurement and expenditure that the States or Government of Jersey is party to or compliance to our anti-corruption practices
- the States or Government of Jersey's reputation may be compromised as a result of poor procurement practice and weak governance arrangements
- the competition process and subsequent contract award is not open, fair or transparent or could be at risk of legal challenge
- contract terms and conditions do not provide adequate protection to the States or Government of Jersey
- service and performance targets are not adequately defined
- there is inconsistent application of controls and performance management of suppliers across the States and Government of Jersey
- goods, works or services are paid for more than once in error
- expenses claims are inadequately evidenced or are paid more than once in error

- States or Government of Jersey employees are not protected from unwarranted criticism from not following due process, best practice guidance or adherence to principles
- expenditure is incorrectly recorded
- quote and tendering limits are deliberately circumvented

Breaches and Exemptions relating to Expenditure and Procurement must be approved by the Group Director Commercial Services or delegate (using on the on-line breach and exemption process). For clarity where this section stipulates “must” then the instruction must be followed unless an exemption has been approved by the Group Director, Commercial Services (or delegate). If a mandatory requirement has not been followed, and an exemption was not obtained in advance, then a breach must be formally recorded and noted by the Group Director, Commercial Services. Where the word “should” is used, it is expected that this approach is taken. In the latter instances, departments must record and retain evidence where an alternative approach is taken but there is no need to formally record a breach.

Principles

1. All expenditure should be incurred in accordance with approved Schemes of Delegation.
2. All expenditure should be furthering the Strategic Priorities for which the funding was allocated by the States Assembly.
3. Accountable Officers should primarily seek to obtain value for money at all times and be able to justify all expenditure within their areas of appointment.
4. Accountable Officers should ensure that all procurement processes are open, fair, transparent, and follow the requirements of all international obligations applicable to the Government of Jersey.
5. All expenditure should be appropriately funded, authorised, recorded and coded.
6. All expenditure should be approved in advance of goods, works and/or services being received, utilising approved Government/States of Jersey systems and payment should only be made when the supplier has been fully on-boarded and not in advance of receiving the goods, works and/or services without prior approval.
7. All expenditure should be subject to segregation of duties control i.e. no one officer should be able to raise an order, receipt the goods, works or services received, and approve payment of the invoice.
8. All commitments to incur expenditure should have sufficient expenditure approvals in advance to be able to meet those commitments (except as permitted by the long-term contractual agreements or Pre Orders paragraphs in this section).
9. Accountable Officers should take into account the sustainable wellbeing (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations when making expenditure and procurement decisions.
10. Budgets should not be overspent at a Director/Service level. Accountable Officers should explain why this has occurred to the Treasurer of the States on request.
11. Employees should not use their position as an employee to benefit personally from States or Government expenditure.

Requirements

1. Achieving Value for Money

Expenditure must be undertaken in accordance with the Procurement Best Practice Procedures: User Guide & Toolkit (including putting contracts out to tender according to the criteria set out in the Toolkit) unless an exemption has been approved (using the online breach and exemption process). This includes the use of applicable Purchasing Frameworks as set out in the Toolkit. For all expenditure Accountable Officers must be able to justify value for

money achieved within the head(s) of expenditure for which they are responsible. Accountable Officers should consider recharging expenditure to another Accountable Officer if they are not taking spending decisions relating to that expenditure (see Internal Recharges section of this Manual).

Accountable Officers must ensure that there are sufficient controls in place to prevent purchases and orders from being artificially or deliberately split to stay under the quotes or tendering limits and requirements as set in the Procurement Best Practice Procedures: User Guide and Toolkit (including putting contracts out to tender).

All officers with delegated responsibility for procurement must consider how expenditure over £100,000 might improve the economic, environmental, and social wellbeing of the island, and how those improvements can be delivered.

Social value should be documented throughout the procurement process, with a required minimum weighting of 10% in bid evaluations for expenditure over £100,000. Further guidance can be found on the Commercial Service website.

2. Scheme of Delegation

Accountable Officers must document and operate a Scheme of Delegation for their States Body which segregates duties as appropriate for authorisation relating to expenditure transactions. The Scheme of Delegation must also specify who is able to sign contracts. The Scheme of Delegation must be submitted to the Treasurer for approval.

3. Corporate Procurement Contracts

Corporate procurement contracts (which include Framework Agreements) must be used unless an exception is documented within the Scheme of Delegation and approval (by exemption) has been obtained from the Group Director, Commercial Services (using the online breach and exemption process). In the case of a genuine emergency, the incident must be documented and the Group Director, Commercial Services advised as soon as possible afterwards; this event would be known as a Breach, and the Breach process detailed in the Procurement Best Practice Procedures: User Guide & Toolkit must be followed.

4. Procurement system

The approved Government or States of Jersey procurement system must be used to manage purchasing of goods, works, and services, except where alternative approaches have been approved by the Group Director, Commercial Services through an exemption (an Exemption must be recorded in the online system).

5. Expenditure Controls

Accountable Officers must ensure that there are appropriate controls in place over the expenditure process to ensure effectiveness and efficiency. These should include matching vendor invoices to the purchasing instrument (e.g. purchase order) and receipt before any payment is made as well as segregation of duties.

6. Expenditure Authorisation

Certain expenditure may require specific authorisation, in addition to those required by the Scheme of Delegation. This includes but is not limited to the following:

- Jersey Fleet Management must be consulted prior to any vehicle purchase being agreed
- the Director of the Civil Division of the Law Officers' Department must be consulted prior to the purchase of any legal services being agreed
- Property Holdings must be consulted prior to any property and land transactions being agreed

In general, it may be appropriate to seek specific authorisation where the expenditure impacts on the activities of another States Body.

7. Expenditure on Technology, Software, Systems and Related Services

- i. All departments intending to undertake any expenditure on technology (Hardware, software, networked devices and software as a service), including any business project with a technology element, must consult with the Government of Jersey Design Authority process to seek direction and approval.
- ii. In addition to expenditure related to (i) above, Departments must make financial provision for the support and maintenance for the life of any technology assets. Guidance on the financial liabilities related to these investments can also be obtained through the Government of Jersey Design Authority process.
- iii. All procurement by departments of information technology related services (Software Developer, etc) must be pre-approved by the digital category manager in Commercial Services and have consulted the Government of Jersey Design Authority process in Modernisation and Digital before any work is undertaken by external agencies, contractors or consultants.

The above requirement excludes Operational technology (OT). OT is hardware and software that detects or causes a change, through the direct monitoring and/or control of industrial equipment, assets, processes and events.

8. Long term Contractual Agreements

In the case of contractual arrangements where the obligation to pay extends beyond the end of the current Government Plan period, other than contractual staff expenditure, Major Projects or Leases, the States Body concerned must obtain approval (using the appropriate Recommend to Award form if required) from Treasury and Exchequer before entering into any such arrangement. Care should be taken where the future source of funding is uncertain e.g. for new initiatives, or where the ability to pay depends upon the future generation of income. The Government Plan will include three years' worth of indicative expenditure, providing a reasonable indication as to the levels of funding available over the time period.

9. Payments in Advance of Receipt

Payment must not be made in advance of receipt of goods, works and/or services, except where this is a normal condition for the goods, works and/or services being ordered (for example, subscriptions to magazines and periodicals, conference and course fees). If there is doubt about whether this is a normal condition, Commercial Services should be contacted for advice. Exceptions may be made where advance payment represents good value for money e.g. early payment discounts. Such exceptions will require approval by the Group Director Commercial Services except where the States Body's Scheme of Delegation requires otherwise.

10. Payments after Receipt

States Bodies must process payments for purchases of goods, works and/or services following receipt in the appropriate financial period (as specified by the Head of Group Reporting).

11. Online Purchases

When purchases are being made via the internet, Accountable Officers must ensure that States of Jersey I.T. Security Policies are followed including the use of secure checkouts.

12. Goods and Services Tax

Goods and Services Tax and other sales taxes, such as Value Added Tax, must only be paid where legally required (or where suppliers refuse to deduct after discussion).

13. Pre Orders

It may be necessary or expedient for a States Body to order goods, works and/or services towards the end of a financial year for which no provision has been made in that year's budget allocation. For example, by pre ordering a better price or discount can be achieved or continuance in service provision can be ensured. This type of pre ordering is permissible under the Public Finances Law provided that the goods, works and/or services are neither received nor paid for until the following financial year and the expenditure is included in the indicative budget for the following year as agreed in the Government Plan and reviewed as part of the year end process.

14. Purchase Cards

Accountable Officers must ensure that Purchase Cards are issued and used in accordance with the guidelines outlined in the Purchase card procedures (within Supporting documents).

15. Travel

All travel must be booked and undertaken in accordance with the Travel section of this manual.

Arrangements for Ministers and Assistant Ministers are set out in the "Codes of Conduct & Practice for Ministers and Assistant Ministers" published as R.31/2024. Ministers and Assistant Ministers are expected to be satisfied that the costs they incur on travel and expenses can reasonably be justified in public as being efficient and cost effective and are required for and related to their ministerial office. In achieving this, they should seek to incur costs as part of an advance booking, using corporate arrangements wherever appropriate or practical in the circumstances. They must also be satisfied with the arrangements made on their behalf and the expenses they look to claim afterwards.

If an expense being claimed could be considered inappropriate, they may be asked to either repay the expense personally or issue a formal internal note that the Public should pay the expense and the reasons why (a copy of which shall be provided to the Chief Minister and Chief Executive Officer).

16. Consultants, contingent labour and outsourced service solutions

All expenditure on consultants, contingent labour and outsourced service solutions must comply with the policy set out by Commercial Services. This is found on their internal website.

Government departments must seek approval from the Chief Executive Officer for such expenditure. Non-Ministerial departments must use the process but requests will be automatically approved.

All reports from consultants and other third parties that are not considered exempt under Freedom of Information legislation must be published on gov.je as soon as is practical after their receipt.

17. Capitalisation of assets

All purchases of assets for more than £10,000 must be accounted for as capital and the purchased asset added to the Asset Register.

18. Sufficient budget to commit expenditure

Before any commitment is entered into to incur expenditure Accountable Officers must ensure they have sufficient assurance of expenditure approvals to be able to meet those commitments. This assurance can take one or more of the following forms:

- head of expenditure approved by the States Assembly
- flexibility to reprioritise within an existing approved head of expenditure. Accountable Officers must ensure that reprioritisation meets the regularity test i.e. that the new expenditure still falls within the purposes for which the States Assembly approved the expenditure and:
 - where funding has specifically been allocated in a Government Plan for a defined purpose (for example, through growth or an approved amendment), any change of use will require an MD from the Minister for Treasury and Resources. This applies only to the year in which that expenditure is separately identified in the Government Plan, and will not apply once funding becomes part of a department's base budget in subsequent years
 - any other funding (i.e. "base" budget) can be reallocated within a head of expenditure provided that the new purpose is within the remit of the Minister/Accountable Officer/dept and subject to reporting requirements to Treasury and Exchequer for internal transfers as already set out in the PFM
- signed decision of the Minister for Treasury and Resources or Treasurer of the States to allocate additional funding
- letter of comfort from the Minister for Treasury and Resources confirming that additional funding will be allocated in that financial year should it appear that the approved head of expenditure will be exceeded

For the avoidance of doubt, it cannot be assumed that any commitments entered into without this assurance will be met by additional funding allocations by the Minister for Treasury and Resources or Treasurer of the States. In this event, the Public Finances (Jersey) Law 2019 will have been breached by the Accountable Officer for that head of expenditure, with any excess expenditure open to being identified as irregular and ultra vires by auditors.

Accountable Officers must not commit expenditure beyond the current financial year without the express agreement of the Treasurer of the States except as permitted by the long-term Contractual Agreements or Pre Orders paragraphs above.

19. Monitoring expenditure against budget

Each Accountable Officer must ensure that there are systems within their department to manage their resources within agreed budgets, take the limits into account when entering into commitments, and generally ensure that the department's spending profile is sustainable. As a minimum, Accountable Officers must monitor expenditure in relation to budget on a monthly basis and prepare monthly reports that compare actual expenditure to estimated expenditure, including an analysis of major variances and including details of budget transfers within heads of expenditure.

20. Approved Business case

Requests for additional funding over and above heads of expenditure approved in the Government Plan of more than £100,000 must be supported by a business case approved by Treasury and Exchequer unless an alternative approval method is set out in the Procedures for allocations from the Reserve published by the Minister for Treasury and Resources or otherwise agreed by the Minister.

21. Recovery of departmental income

Accountable Officers must ensure that heads of expenditure approved by the States and/or supplemented by the Minister for Treasury and Resources are not exceeded and if estimated income levels are not achieved that there is a corresponding reduction in expenditure. In exceptional circumstances and where all other funding options have been exhausted a submission may be made for funding from the Reserve head of expenditure as detailed in the Section on this.

Use of additional income over and above that approved in a Government Plan must be authorised by the Minister for Treasury and Resources (or delegate) in line with the Public Finances (Jersey) Law 2019.

22. Supplier diligence

Officers with contract ownership and/or buying responsibilities must ensure that proportionate and risk-based diligence is carried out on new and existing suppliers, to include cyber security assurance where appropriate. The Group Director, Commercial Services must publish guidance on how to carry out this activity.

23. Controls over standing data

The Director – Finance Hub must ensure that adequate controls exist over changes to supplier standing data, to include bank account details for payments.

24. GST and VAT

Where GST is charged by a Jersey-based supplier it must be paid. The GST payable will not impact on the budget from which the payment is made.

A limited number of non-Jersey-based suppliers may be registered for GST and charge the States or Government. Again, this must be paid and will not impact on the budget from which the payment is made.

Import GST may be payable on purchases from non-Jersey-based suppliers. Again, this must be paid and will not impact on the budget from which the payment is made.

Generally speaking, UK-based suppliers should not charge VAT on supplies within Jersey. If VAT is charged on those supplies, it must not be paid. If it is paid it will impact on the budget from which the payment is made as it is not reclaimable. There may be exceptions to this for:

- transport or accommodation at the disposal of the customer
- land
- exhibitions, events, meetings
- intermediaries
- certain electronic, consultancy and other services

If in doubt, guidance should be sought from the GST department on 01534 440300 (option 5) or email GST@gov.je.

25. Personal benefit

Unless specifically offered by suppliers to all employees, individual employees must not benefit personally by virtue of their employment from States or Government expenditure, or from agreements entered into by the States or Government. This requirement extends to:

- using a share number or loyalty scheme when spending money on behalf of the States or Government
- receiving the benefit of a discount when spending their own money, where that discount applies to official States or Government expenditure only.

12. Appendix Two - Procurement by Government Departments

Overview of Government Departments

The following appendix provides further detail on the level of procurement activity within each Government department in terms of purchase orders. This information also specifies the level at which this procurement activity sits under the main sourcing routes (excluding sourcing route five). Further details are also provided of the number of contracts within each department since 2021 (when this was first recorded centrally) alongside details of contracts that have been extended by each department above the original value. It should be noted that all the information provided is indicative from the Commercial Services team and relates to the period January 2023 – June 2024.

Cabinet Office

Total Purchase Orders (Jan 23 – Jun 24)	6,800
Average per Month	378

Under £1,000	3953
£1,000 - £25,000	243
£25,000 - £100,000	294
£100,000+	13
Total	6800

¹⁸⁷

It was noted in correspondence from the Chief Officer for the Cabinet Office that Digital Services and People Services were together responsible for 46% of the procurement, with other functions within the Cabinet Office being responsible for the remaining 54%. It should be noted that, Digital Services now sit within the Treasury and Exchequer department.

The number of contracts extended each year is as follows:

2024	35
2023	55
2022	37
2021	18
2020	3

¹⁸⁸

The Chief Officer for the Cabinet Office also provided the following explanatory note in relation to the contracts that had been extended over the previous 5 years:

*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.*¹⁸⁹

¹⁸⁷ Letter – Chief Officer – Cabinet Office – 8 August 2024

¹⁸⁸ Letter – Chief Officer – Cabinet Office – 8 August 2024

¹⁸⁹ Letter – Chief Officer – Cabinet Office – 8 August 2024

Children, Young People, Education and Skills

Total Purchase Orders (Jan 23 – Jun 24)	44,897
Average per Month	2,494

Under £1,000	35,778
£1,000 - £25,000	8,797
£25,000 - £100,000	271
£100,000+	51
Total	44,897

¹⁹⁰

The following data was also provided in relation to the number of contracts (and associated value) that have been entered into and the number that have been extended since 2021 (when this was first recorded centrally):

Total Number of Contracts = 252 with a total value of £42,543,206
Number of Contracts extended = 32 with a total value of £1,549,603¹⁹¹

Economy

Total Purchase Orders (Jan 23 – Jun 24)	807
Average per Month	45

Under £1,000	386
£1,000 - £25,000	304
£25,000 - £100,000	62
£100,000+	55 ¹⁹²
Total	807

¹⁹³

The following data was also provided in relation to the number of contracts (and associated value) that have been entered into and the number that have been extended since 2021 (when this was first recorded centrally):

Total Number of Contracts: 25 with total value £5,102,352.
Number of Contracts extended: 3 with total value £136,000.¹⁹⁴

Employment, Social Security and Housing

Total Purchase Orders (Jan 23 – Jun 24)	1863
Average per Month	104

Under £1,000	1356
£1,000 - £25,000	450
£25,000 - £100,000	45
£100,000+	12
Total	1863

¹⁹⁰ Letter – Chief Officer – CYPES – 8 August 2024

¹⁹¹ Letter – Chief Officer – CYPES – 8 August 2024

¹⁹² The department processes grant payments to ALOs and other organisations through the central procurement system. ALOs would normally receive two payments each financial year and therefore the majority of these large monetary value purchase orders relate to grant payments.

¹⁹³ Letter – Chief Officer – Economy – 8 August 2024

¹⁹⁴ Letter – Chief Officer – Economy – 8 August 2024

195

The following data was also provided in relation to the number of contracts (and associated value) that have been entered into and the number that have been extended since 2021 (when this was first recorded centrally):

*Total Number of Contracts 118 with total value £35,417,393
Number of Contracts extended 26 with total value £6,240,909¹⁹⁶*

External Relations

Total Purchase Orders (Jan 23 – Jun 24)	500
Average per Month	28

Under £1,000	255
£1,000 - £25,000	223
£25,000 - £100,000	14
£100,000+	8
Total	500

197

The following data was also provided in relation to the number of contracts (and associated value) that have been entered into and the number that have been extended since 2021 (when this was first recorded centrally):

There are no contracts for External Relations listed on the central contract register. One PO was raised for approx. £49,000 for 6 months employment of a temp, which was then extended until end of May 2024 to £103,000 to support business requirements in the sanctions team. This contract has since been completed.¹⁹⁸

Infrastructure and Environment

Total Purchase Orders (Jan 23 – Jun 24)	38,874
Average per Month	2160

Under £1,000	30,581
£1,000 - £25,000	7518
£25,000 - £100,000	376
£100,000+	129
Total	38,874

199

The following data was also provided in relation to the number of contracts (and associated value) that have been entered into and the number that have been extended since 2021 (when this was first recorded centrally):

*Total number of Contracts 289 with total value £124,757,594
Number of Contracts extended 60 with total value £14,539,607²⁰⁰*

¹⁹⁵ Letter – Chief Officer – ESSH – 31 July 2024

¹⁹⁶ Letter – Chief Officer – ESSH – 31 July 2024

¹⁹⁷ Letter – Chief Officer – External Relations – 8 August 2024

¹⁹⁸ Letter – Chief Officer – External Relations – 8 August 2024

¹⁹⁹ Letter – Chief Officer – I&E – 15 August 2024

²⁰⁰ Letter – Chief Officer – I&E – 15 August 2024

Health and Community Services

Total Purchase Orders (Jan 23 – Jun 24)	36,876
Average per Month	2049

Under £1,000	25,772
£1,000 - £25,000	10,159
£25,000 - £100,000	841
£100,000+	104
Total	36,876

²⁰¹

The following data was also provided in relation to the number of contracts (and associated value) that have been entered into and the number that have been extended since 2021 (when this was first recorded centrally):

Total Number of Contracts 271 with total value £339,928,467
Number of Contracts extended 56 with total value £18,211,743²⁰²

Justice and Home Affairs

Total Purchase Orders (Jan 23 – Jun 24)	9991
Average per Month	555

Under £1,000	7345
£1,000 - £25,000	2574
£25,000 - £100,000	56
£100,000+	16
Total	9991

²⁰³

The following data was also provided in relation to the number of contracts (and associated value) that have been entered into and the number that have been extended since 2021 (when this was first recorded centrally):

Total Number of Contracts 75 with total value £5,962,188
Number of Contracts extended 14 with total value £947,530²⁰⁴

²⁰¹ Letter – Chief Officer – HCJ – 8 August 2024

²⁰² Letter – Chief Officer – HCJ – 8 August 2024

²⁰³ Letter – Chief Officer – JHA – 8 August 2024

²⁰⁴ Letter – Chief Officer – JHA – 8 August 2024

Non-Ministerial Departments

The following section of the appendix provides an overview of the procurement activity between Jan 2023 and June 2024 that has been undertaken by the non-ministerial departments. It should be noted that non-ministerial departments are not separated within the central register of contracts and, therefore, contracts are not recorded by department specifically but as one entry. Due to the Royal Visit and other matters the Bailiffs Chambers was unable to provide a response to the PAC within the timescale specified.

Comptroller and Auditor General

The PAC wrote to the Comptroller and Auditor General (C&AG) and was provided with the following response in relation to use of the central procurement system:

The Comptroller and Auditor General's Office does not utilise the central procurement system for acquiring its goods and services. It does, however, use Government of Jersey systems to place orders with, and make payments to, its suppliers.²⁰⁵

Judicial Greffe and Viscounts

Judicial Greffe

Total Purchase Orders (Jan 23 – Jun 24)	1570
Average per Month	88

Under £1,000	771
£1,000 - £25,000	760
£25,000 - £100,000	39
£100,000+	0
Total	1570

²⁰⁶

Viscounts

Total Purchase Orders (Jan 23 – Jun 24)	386
Average per Month	21

Under £1,000	330
£1,000 - £25,000	53
£25,000 - £100,000	3
£100,000+	0
Total	386

²⁰⁷

No contracts were extended above their original value by either department.²⁰⁸

²⁰⁵ Letter – Comptroller and Auditor General – 20 August 2024

²⁰⁶ Letter – Judicial Greffier and Viscounts joint response – 12 August 2024

²⁰⁷ Letter – Judicial Greffier and Viscounts joint response – 12 August 2024

²⁰⁸ Letter – Judicial Greffier and Viscounts joint response – 12 August 2024

Law Officers' Department

Total Purchase Orders (Jan 23 – Jun 24)	957
Average per Month	53

Under £1,000	462
£1,000 - £25,000	443
£25,000 - £100,000	45
£100,000+	7
Total	957

209

The PAC was informed that no contracts had been extended by the LOD on the central register.²¹⁰

Probation and After Care Service

Total Purchase Orders (Jan 23 – Jun 24)	440
Average per Month	24

Under £1,000	358
£1,000 - £25,000	79
£25,000 - £100,000	3
£100,000+	0
Total	440

211

The PAC was informed of the following contract renewals for the Probation and After Care Services during the period in question:

The Service renewed a one-year contract for the supply of its case management system in May 2024 to the value of £76k. There was also an extension to the contract with G4S in December 2023 for the provision of staff to supervise the community service scheme. An hourly rate of £24 was agreed.²¹²

States Greffe

Total Purchase Orders (Jan 23 – Jun 24)	1019
Average per Month	57

Under £1,000	693
£1,000 - £25,000	300
£25,000 - £100,000	24
£100,000+	2
Total	1019

213

²⁰⁹ Letter – Law Officers' Department – 5 September 2024

²¹⁰ Letter – Law Officers' Department – 5 September 2024

²¹¹ Letter – Probation and After Care Service – 2 August 2024

²¹² Letter – Probation and After Care Service – 2 August 2024

²¹³ Letter – States Greffe – 13 August 2024

The PAC was informed no extensions had been made by the States Greffe; however, it was noted that the department have had contract renewals for webcasting (Public-i) facilities and Hansard (Epiq), that had been renegotiated.²¹⁴

Arm's Length Bodies

The PAC wrote to 32 entities considered 'Arm's Length Bodies' (ALBs) and received responses from 16 to this review. The definition of these bodies is that which is included within the Public Finances Manual.²¹⁵ The PAC did not seek to understand the level of procurement activity undertaken by the various ALBs but rather to understand:

- Whether they used Government procurement systems
- Followed the Public Finances Manual
- How they considered social value through procurement activity.

Given the independent nature of ALBs, it was found that various organisations operate independently or semi-independently from the Government of Jersey's procurement systems, citing their own frameworks for governance and procurement in some instances. Some entities used the ARIBA system for routine purchases, while others avoided it due to their unique operational needs. Most organisations align with the principles of the Public Finances Manual (PFM) where applicable, tailoring them to their specific operations.

It was found that there was limited use of the Channel Islands Tender Portal by ALBs, with some organisations citing low procurement volumes or the need for confidentiality and agility. A common approach found across the ALBs was directly engaging with suppliers for low-value procurements (<£25k) via email or simplified internal processes.

Social Value was generally given consideration across the various entities, with many incorporating this to support local suppliers and the local economy. Furthermore, some organisations undertook evaluations of environmental and employee welfare policies during tendering processes, alongside consideration and alignment of procurement decisions with sustainability and social responsibility goals.

²¹⁴ Letter – States Greffe – 13 August 2024

²¹⁵ 1) Acts wholly or partly independently of the States or Government of Jersey; and

2) IS either:

a) A States Owned Entity – wholly or partly owned, operating with a commercial focus; read section on Specific States Owned Entities; or

b) A States Established Delivery Entity - an entity established by the States whose function is to deliver and/or support public policy; or

c) A States established independent body or office holder - an entity established by the States whose function is to deliver an independent regulatory function (including audit or review) of GoJ or other bodies for matters under their remit; and

13. Appendix Three

13.1 Terms of Reference

The Committee's Terms of Reference for the Review were as follows:

1. To examine and assess the effectiveness and efficiency of procurement processes utilised by the Government of Jersey in respect of (but not limited to):
 - i. Major and Strategic Projects (including Capital Projects).
 - ii. Supply systems, including SAP, HRG and other systems in place.
 - iii. Use of and reporting on consultants (including expenditure).
 - iv. Use of contingency labour.
 - v. Minor projects.
 - vi. Exemptions in procurement processes.
 - vii. Corporate Portfolio Management Office (CPMO) processes and frameworks for managing major projects.
2. To consider the views of suppliers and local businesses on procurement processes and identify best practice, concerns, areas for improvement and barriers to engagement.
3. To identify and analyse the effectiveness of the governance systems within the Government of Jersey in relation to procurement of services.
4. To evaluate the procurement processes of the Government of Jersey in order to determine whether these processes achieve value for money.
5. To examine the implementation of relevant Comptroller and Auditor General recommendations in respect of procurement by the Government of Jersey and identify any progress made in achieving implementation of those recommendations.

13.2 PAC Membership

The PAC is comprised of the following Members:



Deputy Inna Gardiner
Chair, Public Accounts Committee



Deputy Kristina Moore
Vice-Chair, Public Accounts Committee



Deputy Raluca Kovacs
Member, Public Accounts Committee



Deputy Karen Wilson
Member, Public Accounts Committee



Deputy David Warr
Member, Public Accounts Committee



Mr. Philip Taylor
Lay Member, Public Accounts Committee



Mr. Ali Awan
Lay Member, Public Accounts Committee
(since 18th March 2025)



Mr. Vijay Khakhria
Lay Member, Public Accounts Committee



Mr. Glenn Kehoe
Lay Member, Public Accounts Committee

NB: Mr Graeme Phipps was a Lay Member of the PAC until 25th February 2025 upon his resignation.

13.3 Public Hearings

The Committee undertook the following public hearings during the course of its review:

Witness	Date
Mr. Adrian De Gruchy, Jersey Construction Council Ms Alex Ruddy, Institute of Directors Mr Murray Norton, Chief Executive, Jersey Chamber of Commerce Mr Eliot Lincoln, Digital Committee Chair, Jersey Chamber of Commerce	29 th January 2025
Mr Andrew Scate, Chief Officer, Infrastructure and Environment Mr Richard Corrigan, Chief Officer, Economy	12 th March 2025
Mr Justin Whitfield, Chief Information Officer, Treasury and Exchequer Ms Caroline Hastings, Director Commercial Services, Treasury and Exchequer Ms Ruth Galloway, Head of Business Enablement and Customer Support, Treasury and Exchequer	26 th March 2025
Richard Bell, Treasurer of the States Ms Caroline Hastings, Director Commercial Services, Treasury and Exchequer	7 th May 2025

13.4 Review Costs

The total external costs of this review totalled £822.70 This was broken down as follows:

- Public Hearings (transcription services) - £722.80
- Digital and Public Engagement Costs - £100



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