

FOI2015-03191 Carpenter – Procurement

Question	Answer
Do you have a procurement compliance function (department or responsible person)?	There is no single department or person responsible for procurement compliance. Compliance happens across the breadth of procurement activity in the MOD. An example is the Commercial Assurance, Scrutiny and Due Diligence team which takes the lead on commercial compliance
How do you undertake analysis of the Council's spend – using your financial management system or third party spend analytical tool?	The MOD uses its own Departmental financial management system
How often do you use that a. Monthly b. Quarterly c. Annually d. Other, please specify	Monthly or as otherwise required
How many suppliers did you make a payment to within the periods; a. 2012/13 b. 2013/14 c. 2014/15	<p>The Defence Business Services database, which records payments to MOD contractors, shows that the MOD paid 3,256 individual contractors during 2012/13 and 2,717 during 2013/14. Figures for 2014/15 are not yet available. Under Section 16 of the Act (Advice and Assistance), you may wish to note that these numbers reflect contractors who have received payments against Headquarters contracts.</p> <p>More information on MOD contracting with industry is available at: https://www.gov.uk/government/statistics/mod-industry-trade-and-contracts-2014</p>

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<p>What % of suppliers accounts for 80% of your spend (period covering 1 Apr 13 to 31 Mar 14)</p>	<p>For 2013/14, 3% of the individual contractors identified above received 80% of the £19.5 billion paid against HQ contracts during that year.</p>
<p>Does this spend analysis form part of Management Information presented / considered by a formal management group / procurement board?</p>	<p>MOD expenditure with suppliers is published online at https://www.gov.uk/government/statistics/mod-industry-trade-and-contracts-2014. More broadly, expenditure is considered at a number of relevant MOD Boards, including the Defence Board and the Defence Equipment and Support Board.</p>
<p>What's the approval mechanism for spend;</p> <ul style="list-style-type: none"> a. above £500 <ul style="list-style-type: none"> i. budget holder ii. specific board b. £10,000 <ul style="list-style-type: none"> i. budget holder ii. specific board c. £25,000 <ul style="list-style-type: none"> i. budget holder ii. specific board d. £100,000 <ul style="list-style-type: none"> i. budget holder ii. specific board e. £1,000,000 <ul style="list-style-type: none"> i. budget holder ii. specific board 	<p>The MOD's Permanent Secretary has, as the Department's Accounting Officer, delegated financial authority to the Department's Top Level Budget (TLB) Holders in whom responsibility for actually consuming the Department's allocated resources resides.</p> <p>The Permanent Secretary sets out the specific powers of TLB Holders in personal Letters of Delegation; these will differ in each case. TLB Holders are encouraged to sub-delegate to lower level Budget Holders to ensure business is managed efficiently at the right level.</p> <p>TLB Holders must seek advice from the TLB Director of Resources as the authoritative source of all financial management advice within the TLB. TLB Holders are personally accountable for delivering agreed outputs as effectively, efficiently</p>

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	<p>and economically as possible, for ensuring regularity and propriety and for remaining within the control totals issued for their budgets</p>
<p>What is the level of early market engagement undertaken by your organisation. Is it carried out based on;</p> <ul style="list-style-type: none"> a. Value threshold, if so what b. Risk c. Value and Risk d. Other, please specify 	<p>Early market engagement is a key feature of the Cabinet Office's Lean Sourcing policy which can be found on gov.uk at: https://www.gov.uk/government/publications/lean-sourcing-guidance-for-public-sector-buyers. This is applied in MOD depending on the needs of each individual procurement e.g. the value and complexity of the requirement, the market sector or the risk profile. The threshold for Cabinet Office Lean Sourcing is linked to the Public Contracts Regulations threshold, but that does not preclude early market engagement wherever it is necessary.</p>
<p>Approximately, as a % of all procurements undertaken, what % involve early market engagement?</p> <ul style="list-style-type: none"> a. less than 25%, b. 25% c. 50% d. 75% e. don't know 	<p>This information is not held.</p>
<p>On what basis are you engaging with the market, as part of your early market engagement activity; tick all that apply</p> <ul style="list-style-type: none"> a. Pricing models b. length of contracts c. service specification 	<p>The overarching purpose is to gain insight into market possibilities and innovative solutions, to understand risks and issues, to improve supplier awareness and engagement and seek their opinion, to inform the procurement strategy and also prevent</p>

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<p>d. outcomes e. new technology / products f. contract packaging / lots g. other, please specify</p>	<p>unachievable projects being pursued This is set out in Cabinet Office Lean Sourcing documents. The MOD will therefore explore any of the items listed if they are relevant.</p>
<p>Do you have a formal process for the consideration of the following procurement processes and can you evidence this i.e. sample reports, documents, minutes etc.? a. Use of in-house service b. Use of existing contract c. Use of wider frameworks / collaborative arrangements d. Shared services with another body e. other delivery model i. Joint Ventures ii. Local Authority owned Company iii. Teckel arrangement iv. Social Enterprise f. Decommissioning g. Demand management h. Facilitating sub-contract / consortium / partnerships</p>	<p>The selection of an appropriate commercial model, for example Private Finance Initiatives, joint ventures, special purpose vehicles, use of existing or new framework contracts (MOD and pan-government), prime contracting, or collaboration, is a key component of the commercial strategy and forms part of the investment appraisal and business case considered by approving authorities. Guidance on MOD approval processes can be found in Joint Service Publication 507 – Investment Appraisal and Evaluation, which can be found on gov.uk: https://www.gov.uk/government/publications/jsp-507-mod-guide-to-investment-appraisal-and-evaluation. You may also find the attached Commercial Policy Statement useful.</p>