



CABINET OFFICE

*From the Chancellor of the
Duchy of Lancaster*
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
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The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries
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1 Whitehall Place
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19 November 1984

Dear Michael,

GOVERNMENT PURCHASING

The purpose of this letter is to bring you up to date with respect to the multi-department review of Contract and Procurement Procedures and to invite you to set in hand the preparation of an action document on the recommendations of the report of the central review team. A copy of their report is enclosed for each of the departments for which you are responsible.

Background

The multi-department review formed part of our 1983 Efficiency Programme, announced to Parliament on 20 December 1982. The review was carried out by means of separate scrutiny-type studies in 9 departments, co-ordinated by a small team of officials in the MPO. Their report draws out the common lessons of the departmental studies and recommends a programme of action designed to secure improvements in government purchasing across all departments.

An ad hoc group of the Ministers whose departments took part in the review, meeting under the chairmanship of the Prime Minister, approved the report of the central team on 29 October. In particular it was agreed:- that the report should be published; that Ministers in charge of departments should draw up action documents by April 1985 showing how they propose to implement the recommendations of the report; that a small Central Purchasing Unit should be set up to encourage and

monitor departmental implementation; and that, as an overall guideline target, departments should aim to achieve a 5% improvement in the value for money they obtain from their expenditure on purchasing by April 1987.

Action Documents

As usual with these multi-departmental reviews, each department that has responsibility for the function reviewed is required to prepare an action document setting out how they propose to implement the recommendations of the central report. In the case of purchasing, all departments are involved as all have responsibilities for the purchase of goods and services such as stationery and office supplies, travel, consultancy services, postal services etc and many have responsibility for other direct purchases. Some departments will buy all their goods and services through the central government procurement agencies (the CCTA, Crown Suppliers, HMSO, PSA and COI). The report makes clear, however, that departments are ultimately responsible for the value for money they obtain even if they purchase primarily through the agencies; the recommendations of the report apply as much therefore to such departments as to those that might more readily identify themselves as "buying" departments.

... Most of the report's recommendations are directed at departments generally; a few are more specific. I attach an annex listing those recommendations for which responsibility for implementation falls to specific named departments.

The Prime Minister has asked that action documents should be prepared by April 1985. Work is already in hand to finalise the arrangements for the staffing of the Central Purchasing Unit. In the meantime, the central review team in MPO will remain in existence to help and advise departments on the preparation of their action documents. It would be helpful if the individual you choose to be responsible for following-up action on the review in your department could contact the head of the team (Mr R B Brown, ME1 Division, MPO on 01-233-3080) so that we can develop a network of official level contacts as soon as possible.

Publication

We are currently aiming to publish the report through HMSO on Tuesday 11 December. Publication will be announced in a PQ by the Prime Minister on 10 December.

MPO officials will be briefing the Council of Civil Service Unions on the contents of the report in the week before it is published. However, in order to minimise the risk of leaks, I should be grateful if you could treat the report as "Management

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in Confidence" until it is actually published. This means that your officials will not be able to discuss the contents of the report or the action they propose to take on it with your Departmental Trade Union Side before 12 December. Nonetheless, given that the timetable for the preparation of action documents is already quite tight, I hope that officials can start to prepare a response in advance of that date.

Non-Departmental Public Bodies

Ministers in charge of departments that sponsor non-departmental public bodies (NDPBs) will want to consider how far similar action should be sought from those bodies. This will need to be monitored and, in due course, reported back to the Central Purchasing Unit. Again, however, given the risk of leaks it would be best to delay action vis-à-vis NDPBs until the report is published.

Summary

Ministers in charge of departments are asked:

- to commission action documents on the report from each of the departments for which they are responsible;
- to identify an individual in each department to be responsible for following-up the report. The MPO should be informed of this contact point as soon as possible,
- to delay discussing the contents of the report with Trade Union Sides until it is published;
- to consider how far follow-up action should be sought from NDPBs and to commission such action after publication of the report.

I am copying this letter to all Ministers in charge of departments.

*Yours,
Guy*

GOWRIE

COPY LIST: PRIVATE SECRETARIES TO:-

Prime Minister

Lord President of the Council

Lord Chancellor

Secretary of State for Foreign and Commonwealth
Affairs

Secretary of State for the Home Department

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Secretary of State for Trade and Industry

Secretary of State for Employment

Minister of Agriculture, Fisheries and Food

Secretary of State for Transport

Secretary of State for Northern Ireland

Attorney General

Minister for Overseas Development

Lord Advocate

ANNEX

RECOMMENDATIONS FOR WHICH RESPONSIBILITY FOR IMPLEMENTATION
FALLS TO SPECIFIC DEPARTMENTS

Recommendation Number	Responsible department(s)
15, 18	Cabinet Office (MPO)
23, 29	Central Purchasing Unit
25, 28	HMSO, CCTA, Crown Suppliers
27	Cabinet Office and HM Treasury