

REDACTED TO REMOVE CONFIDENTIAL OR MARKET SENSITIVE DATA
The Faculty Office of the Archbishop of Canterbury (“The Faculty Office”)
Summary of the review of LBMW Arrangements January to April 2025

Jim Clifford OBE MSc FCA FRSA¹

FINAL 15th June 2025

1. Introduction

Partly prompted by external review and comment, and partly from the pursuit of best practice in good governance, the Master is concerned to subject to appropriate market testing the LBMW service and supply agreement.

The LBMW contract supplies:

- The support and administration of the Registrar, Deputy and the employed team members, who are under joint employment contracts with LBMW and the Faculty
- The supply of a location in London for focus, functions and meetings
- Risk management, with the availability of other cover for what is necessarily a small staff team, including, for example, trainees, and interns.

The arrangements with LBMW have been in place for over 100 years, and have been updated and developed at intervals through that period.

2. Objectives of the review

The Faculty Office is not a charity but is a body acting:

- In the public interest
- To regulate a profession key to maintaining the rule of law
- To advance the professional and practice standards of notaries.

It is good practice for any organisation, including a public interest body, to manage its resources well. Under the concepts of stewardship and the obligations of directors, trustees and their equivalents:

- Resources must be applied in accordance with the purposes or constitution of the organisation
- They must be applied for the benefit of relevant stakeholders
- They must be applied reasonably efficiently and effectively – so not squandered.

In the case of public bodies, or expenditure directly or indirectly out of public funds, planning for what is needed is followed by a process for spending to meet those needs, known as procurement,

¹ Advisor to the Master and Registrar of The Faculty Office, contracted through Sonnet Impact

and governed by a mixture of EU legislation and practices, and UK legislation and practice. For other spending, or spending by other bodies, procurement rules do not apply², but good standards of care in purchasing are a part of all good governance, in the private and social sectors, and with other public benefit organisations. It is this latter arena in which The Faculty Office lies.

This review follows from discussions in a Master's meeting about the LBMW contract and best practice in Governance. It builds upon the annual review of costs and effectiveness under the LBMW Supplier agreement, which was the subject of a meeting in February at which the Faculty Office was represented by the Master, advised by me, and LBMW by a LBMW Partner, and the Finance Manager, neither of whom are involved directly with the Faculty Office.

It was agreed by the Master, based on my advice, that this review should cover the following areas:

1. The framework for review and the approach to be taken
2. The evaluation criteria to sit within that framework
3. Consider and resolve:
 - a. Split supply is or isn't possible
 - b. Relevance or otherwise of property in the equation
4. Estimate and evaluate:
 - a. Costs of transfer
 - b. Risks of transfer
5. Consider whether there is, realistically, an alternative market
6. Pull together the cost comparison and comment
7. Prepare an appropriately high level risk analysis
8. Make a decision, record the rationale and supporting documents and set the review period.

The questions to be considered are:

1. Are the costs being charged by LBMW at or below market rate?
2. Could an improvement in Value for Money be achieved by going to market?
3. Are the risks of doing so material?

3. Approach to and positioning of the review

I have approached this as independent advisor to the Master and the Board. I am a Chartered Accountant of forty years' standing with experience in Non-profit and Membership, regulatory, and exam-awarding bodies. I was awarded an MSc with Distinction in Charity Accounting and Financial Management in 2010, a number of aspects of which are relevant here, notwithstanding the Faculty Office is not a Charity. I also have experience in public and social sector procurement and tendering, and in the costing of supply contracts of all sizes and types, as well as in risk analysis and management.

In this project I am considering the criteria for evaluation as outlined below. I confirm that I have no conflict in advising the Master and the Board on this area.

² The Faculty Office is not a public body within the meaning of ss.2(2) and (3) of the Procurement Act 2023

In determining my approach to the work, and the standards that should be applicable, I have used as an overall framework for thinking the Kraljic Matrix.³ This, originally published in Harvard Business Review in 1983, and widely used in supply chain management and procurement circles, categorises purchases by high and low profit impact and high and low supply risk. In this analysis the LBMW arrangement would be high on both, demanding a strategic approach to its management and renewal, involving dialogue and co-development and a long-term approach, rather than a focus on shorter-term cost management.

In looking at other sources I have taken into account:

- The two reports entitled “The Art of the Possible in Public procurement” which are mainstream collaborative and widely referenced pieces covering good practice in procurement⁴
- The National Procurement Policy Statement February 2025 (“NPPS”) and the explanatory notes to that
- The three PPN-02 guides to Social Value following the NPPS
- Charity Commission guidance, notably Part 4 of the Charity Governance code, CC26 on charities and risk management, and the general guidance on making decisions
- The literature around single source procurement (aka Direct Award), notably the NAO’s Lessons Learned: competition in public procurement (2023)⁵. Note that, in single source procurement it is either the lack of alternative suppliers, or a combination of risk and the circumstances, that demand it, and the arrangements should be the subject of competitive and detailed discussions and negotiations with the supplier.

4. Approach to procurement and VfM

Procurement and VfM are not about price in isolation. They are about three things:

- A. What do we need?
- B. What is on offer, and how best can we match that to what we need?
- C. Is this deal the best reasonable use of resources, balancing A and B?

Market testing, and forms of open procurement are tools for use within this frame, but they should not take the place of good, structured thinking. What is key as regards process, is that it:

- i. Is fair to the organisation and to potential suppliers
- ii. Explores and understands market rate for the services
- iii. Is well governed.

In terms of that last element, we need to secure that the decision is independent of the interests of the supplier, that it is based on good evidence, well interpreted, and that it is realistic and achieves a sustainable answer in the short and medium/long terms.

³ Helpfully explained here: <https://artofprocurement.com/blog/learn-the-kraljic-matrix>

⁴ <https://golab.bsg.ox.ac.uk/documents/the-art-of-the-possible-in-public-procurement.pdf> and the 2023 version <https://www.ipeec.org.uk/art-of-the-possible/>

⁵ This includes (p.5) an emphasis on considering the best route for purchasing, and the risk in all aspects of it, para. 1.15 on most advantageous tender; and whilst it is not the route for the majority of cases, 5% by value and 24% by number of contracts use direct award (single supplier).

5. The framework for review

In line with similar major supply agreements, there should be a standard period for issue of the contract and review of it. Five years (with opportunity for up to two years of overruns) does not appear unreasonable for this, given the complexity of re-tendering, should that be done, and transferring the contract should that happen. The Faculty Office needs stability of supply and stability of costs and neither would be achieved if the review period were shorter than this.

This should be matched with an annual review of service levels and costs under the contract with LBMW, and of the cost sharing arrangements for staff. This took place on 7th February 2025.

The approach to the review is one of enquiry by me, as independent advisor with experience in such matters, reporting to the Master. During that enquiry I have:

- a. Benefited from my background knowledge of the remit, regulation, and operation of the Faculty Office
- b. Reviewed the LBMW contract, the costings for the recharges under the contract, and the forecasts for charges over the three years to 31st March 2027
- c. Reviewed the accounts for the Faculty Office
- d. Met with the Faculty Office team, and the Master
- e. Explored the results of, and spoken to the author of, the last review done in 2022
- f. Made enquiry of LBMW finance team
- g. Evaluated the costs, risks, and benefits of re-tendering
- h. Discussed the results with the Master and the Registrar.

Throughout this I have taken account of the conflict that the Registrar has in this matter, given that, whilst independently appointed by the Archbishop of Canterbury, he is a partner at LBMW and is remunerated in part through the LBMW contract.

6. The evaluation criteria

Based on discussions with the Master, and the Registrar, these have been agreed as:

- i. Annual cost
- ii. Five-yearly renewal cost, including both Faculty Office costs and Supplier costs passed onto the Faculty Office
- iii. Accessible premises
- iv. Sustainable arrangements with all aspects of supply, including Registrar, Deputy Registrar and Clerk as long-term appointments
- v. Retention of technical skills and institutional knowledge
- vi. Availability of additional staff and skills as needed
- vii. Sufficient knowledge and insight to run the organisation
- viii. Retention of key relationships with the oversight regulators
- ix. Ability to develop and deliver appropriate strategy for regulation of the notarial profession, and to sustain other key functions of The Faculty Office
- x. Credibility of supplier
- xi. Ethical/ESG standards of supplier, and of the Registrar

7. Conclusions from the review

From the analysis that has been done it is apparent that:

- a. An alternative supply is possible, but the supplier would have to be selected very carefully to find one that was truly as expert as they need to be when compared to LBMW
- b. There are significant impediments to transferring the majority of the staffing capacity to a Third Party.
- c. It is unlikely that (i) tendering, and (ii) change of supplier could be achieved without increasing costs. Passing such a cost increase to notaries, not least because it appears to be unnecessary, would be likely to be met with resistance, and could cost in loss of reserves and cash flow damage
- d. There are appreciable and real risks in doing this which could result in damage to the Faculty Office and its regulatory and other functions

For these reasons it is not advisable to tender for services in this arena, but the review of LBMW's supply annually should be continued. This should involve the Master, and her independent advisor, and should span:

- Quality of service and efficiency of delivery
- Accuracy of calculations of charges
- Stability of supply and supplier
- Review of property and overhead costs.

At least every five years the Master and advisor should undertake a detailed review and negotiation of the contract and its terms.

A J Clifford OBE MSc DChA FCA FRSA CTA CF MCSI MEWI
Advisor to the Master and Registrar

REDACTED TO REMOVE CONFIDENTIAL OR MARKET SENSITIVE DATA
The Faculty Office of the Archbishop of Canterbury
Review of LBMW Arrangements January to April 2025
Jim Clifford OBE MSc FCA FRSA
FINAL 15th June 2025

