



Procurement Sub (Finance) Committee

Date: WEDNESDAY, 3 APRIL 2019

Time: 1.45 pm

Venue: COMMITTEE ROOM 2 - 2ND FLOOR WEST WING, GUILDHALL

Members: Deputy Hugh Morris (Chairman)
Deputy Robert Merrett (Deputy Chairman)
Randall Anderson
John Fletcher
Michael Hudson
Deputy Jamie Ingham Clark
Deputy Clare James
Jeremy Mayhew
Susan Pearson

Enquiries: Antoinette Duhaney, 020 7332 1408,
antoinette.duhaney@cityoflondon.gov.uk

Lunch will be served in Guildhall Club at 1PM
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - public agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting held on 13.03.19.
4. **PROCUREMENT SUB-COMMITTEE WORK PROGRAMME**
Report of the Town Clerk
5. **PROCUREMENT STRATEGY 2019-2023 EMERGING THEMES**
Report of the Chamberlain
6. **RISK MANAGEMENT QUARTERLY UPDATE - APRIL 2019**
Report of the Chamberlain
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

For Decision
(Pages 1 - 4)

For Information
(Pages 5 - 6)

For Decision
(Pages 7 - 12)

For Information
(Pages 13 - 26)

For Decision

Part 2 - non-public agenda

10. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the non-public minutes of the meeting held on 13.03.19.

For Decision
(Pages 27 - 32)

11. **ACTION FRAUD - CONTRACT DISPUTE STRATEGY**

Verbal report of the Chamberlain

For Information

12. **BUSINESS TRAVEL & ACCOMMODATION - PROCUREMENT STAGE 1 STRATEGY**

Report of the Chamberlain

For Decision
(Pages 33 - 44)

13. **LIFT MAINTENANCE SERVICES - PROCUREMENT STAGE 2 AWARD**

Report of the Chamberlain

For Decision
(Pages 45 - 50)

14. **CITY OF LONDON POLICE AND RAIL DELIVERY GROUP STAGE 2 CONTRACT AWARD**

Report of the Commissioner

For Decision
(Pages 51 - 56)

15. **CONTINUOUS DELIVERY ROADMAP OVERVIEW**

Report of the Chamberlain

For Information
(Pages 57 - 62)

16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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PROCUREMENT SUB (FINANCE) COMMITTEE

Wednesday, 13 March 2019

Minutes of the meeting of the Procurement Sub (Finance) Committee held at the Guildhall EC2 at 11.00 am

Present

Members:

Deputy Robert Merrett (Deputy Chairman) in the Chair
John Fletcher
Michael Hudson
Deputy Jamie Ingham Clark
Susan Pearson
Jeremy Mayhew

Officers:

Chris Bell	City Procurement
Naomi Bourne	City Procurement
Natalie Evans	City Procurement
Matthew Jones	City Procurement
Andrew Lenihan	City Procurement
Geoff Parnell	City Procurement
Robert Pine	City Procurement
Leslie Ross	City Procurement
Ola Obadara	City Surveyors
Phil Newby	Barbican Centre
John Cater	Town Clerks Department
Antoinette Duhaney	Town Clerks Department

1. APOLOGIES

Apologies for absence were received from Deputy Hugh Morris, Randall Anderson and Deputy Clare James.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. PUBLIC MINUTES

RESOLVED – That the public minutes of the meeting held on 16th January 2019 be agreed as a correct record subject to the following correction (italicised) to the first line of the last paragraph of item 4, page 2 of the agenda pack being amended to read as follows:

“Members added that if the Police continued to underperform in this *area, there...*”

4. **SUB-COMMITTEE FORWARD PLAN**

The Sub-Committee considered a report of the Chamberlain providing an update on the Sub-Committee's work programme for 2019.

Officers suggested that Members may wish to consider Key Performance Indicators (KPIs) as a standing item every 2-4 months and also the City procurement Risk Register

Members were supportive of the KPIs and the City Procurement Risk Register being added to the work programme and considered at regular intervals.

RESOLVED – That the report be noted.

5. **EU EXIT READINESS: SUPPLY CHAIN CATEGORY INSIGHT**

The Sub-Committee considered a report of the Chamberlain outlining work undertaken by Efficio Consulting to produce category level risk cards and identify key risks for each category.

RESOLVED – That the report be noted.

6. **ONE SAVINGS APPROACH**

The Sub-Committee considered a report of the Chamberlain outlining proposals for a single approach to recording and reporting savings and efficiencies.

Members were supportive of the proposed approach and Officers advised that a year end report for 2018/19 year would be presented to the Committee in May 2019 followed by quarterly reports thereafter.

RESOLVED – That the adoption of the "One Savings Approach" to savings and efficiencies that are delivered with the support of City Procurement be approved.

7. **PROCUREMENT STRATEGY 2019-2023 - EMERGING KEY THEMES**

Officers reported that this report had been deferred and would be presented to the next meeting of the Sub-Committee scheduled for 3rd April 2019.

8. **THE TRANSITION TO A ZERO EMISSIONS FLEET**

The Sub-Committee considered a joint report of the Director of the Built Environment and the Chamberlain on proposed measures to ensure that the City Corporation's vehicle fleet including City of London Police vehicles complies with the requirements of the Ultra Low Emission Zone (ULEZ) which comes into effect on 8th April 2019.

Officers advised that the proposals in the report would go beyond compliance with the ULEZ and would support the City Corporation's own Strategies including Transport and Clean Air. In response to questions and observations from Committee Members, officers advised that an Internal Officer Transport Co-ordination Group would be established to rigorously challenge operational

requirements and support the move towards a zero emission vehicle fleet. Following the decision of the Policy and Resources Committee on 21st February 2019, it was proposed the number of Mayoral and Shrievalty vehicles be reduced and the remaining vehicles replaced with electric vehicles.

RESOLVED – That the report be noted.

9. **PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no public questions.

10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

Officers drew the Sub-Committee's attention to the following:

- Catering Contract – Officers were concerned that 6 months after the contract had commenced, the new contract had yet to be formally signed off owing to unresolved issues in respect of TUPE, Insurance and other matters to mitigate. Sub-Committee Members were concerned that this was not a satisfactory situation and sought clarification on what action was being taken to mitigate against the associated risks.
- Recruitment Update – Officers reported that
 - (a) The ongoing leave of absence of an Assistant Director together with an Assistant Director vacancy was creating challenges in managing workloads. However, in close liaison with HR, it was anticipated that this situation would be resolved within the next 6 months.
 - (b) Andrew Lenihan had been appointed as the Head of Accounts Payable
- International Women's Day – the Sub-Committee was advised that Karen Moorhouse from the City Procurement Team won the 2018 Chartered Institute of Procurement and Supply's (CIPS) Young Procurement Professional of the Year. Karen was also featured in a CIPS International Women's Day 'shout out about your success' campaign video.

11. **EXCLUSION OF THE PUBLIC**

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

Items	Paragraph
12 - 18	3

12. **NON-PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 16th January 2019 be agreed as a correct record.

13. **FUNDING ARRANGEMENTS FOR ULTRA LOW EMISSION ZONE (ULEZ)**
The Sub Committee considered a report of the Chamberlain regarding funding arrangements to support upgrading of the vehicle fleet to facilitate compliance with new ULEZ legislation.
14. **REVIEW OF RECENT HOUSING PROCUREMENT ISSUES AND PROPOSED MITIGATIONS TO IMPROVE COMPETITIVE TENDERING**
The Sub Committee considered a report of the Chamberlain along with a resolution from the Community and Children's Services Committee reviewing recent challenges and recommending improvements to the competitive tendering process.
15. **PROJECT MANAGEMENT CONSULTANTS (FOR CONSTRUCTION) FRAMEWORK PROCUREMENT STAGE 1 STRATEGY - REVISED**
The Sub Committee considered a report of the Chamberlain outlining proposed changes to the Procurement Strategy for the Project Management Consulting (Construction) framework for the City of London Corporation.
16. **MEDIA PLANNING AND BUYING SERVICES FOR THE BARBICAN CENTRE - PROCUREMENT STAGE 1 STRATEGY**
The Sub-Committee considered a report of the Chamberlain regarding the proposed procurement strategy for selecting a preferred supplier of Media Planning and Buying Services for the Barbican Centre.
17. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
The Sub-Committee considered two questions on matters related to the work of the Sub-Committee.
18. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
The Sub-Committee considered urgent matters while the public were excluded.

The meeting closed at 12.31 pm

Chairman

Contact Officer:

Antoinette Duhaney, 020 7332 1408, antoinette.duhaney@cityoflondon.gov.uk

Procurement Sub-Committee – Work Programme 2019

Meeting:	3/4/19	15/5/19	13/6/19	10/7/19	Sept (TBC)	Oct (TBC)	Nov (TBC)
Strategy, Policy, Continuous Improvements and Performance							
	<ul style="list-style-type: none"> * City Procurement Risk Register (quarterly) * Continuous Improvement Roadmap Overview * Procurement Strategy 2019-2022 (Key Themes) 	<ul style="list-style-type: none"> * P-card Update Paper * City Procurement KPI's (quarterly update) 	<ul style="list-style-type: none"> * Procurement Strategy 2019-2022 (Final Paper for Decision) 	<ul style="list-style-type: none"> * City Procurement Risk Register * eInvoicing and Automation * P-card Update Paper 	<ul style="list-style-type: none"> * City Procurement KPI's (quarterly update) 	<ul style="list-style-type: none"> * P-card Update Paper 	<ul style="list-style-type: none"> * City Procurement Risk Register
Sourcing and Category Management							
	<ul style="list-style-type: none"> * Lift repairs and maintenance – Stage 2 Award Report * Travel Management Services and Booking tool - Stage 1 * Police Rail Travel Contract Stage 2 Award Report (late paper) 	<ul style="list-style-type: none"> * Barbican Media Planning Services – Stage 2 Award Report * IT Services 2020 procurements – Stage 1 * Freeman's School Enabling Works lessons learned * Power Purchase Agreement - Stage 1 * Corporate Security (Manned Guarding) - Award Report * Major Works (Housing) Framework Stage 2 Award 	<ul style="list-style-type: none"> * Children's Centres * Travel Management Services and Booking tool - Stage 2 Award Report 	<ul style="list-style-type: none"> * Travel Management Service * Revenues Enforcement Agents * Power Purchase Agreement - Stage 2 Award 	<ul style="list-style-type: none"> * Action Fraud Services * Secure City 	<ul style="list-style-type: none"> * IT Services 2020 procurements – Stage 2 	
Contract Management, Operations and Responsible Procurement							
	<ul style="list-style-type: none"> * Contract Dispute – Verbal Update 	<ul style="list-style-type: none"> * Responsible Procurement Report * Corporate Supplier Scorecard Results and Updates * CCM Annual Review FY17/18 * Contract Dispute – Verbal Update or Report 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates * Contract Dispute – Verbal Update or Report 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates * Contract Dispute – Verbal Update or report 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates * Property Insurance Renewals - Property Insurance including Business Interruption and Contractors All Risk Insurance – Contract Extension * CCM Framework * Contract Dispute – Verbal Update or report 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates * Contract Dispute – Verbal Update or report 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates * Contract Dispute – Verbal Update or report

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Committee	Date
Procurement Sub (Finance) Committee	3 April 2019
Subject: City Procurement Strategy 2019-2023 Emerging Themes	Public
Report of: The Chamberlain	For Information
Report author: Chris Bell, Commercial Director, Chamberlain's	

Summary

City Procurement published the corporation's first procurement strategy in 2018, this paper outlines the emerging themes that our new second-generation procurement strategy of the period of 2019 to 2023 will be built upon.

The summary of the component parts of the new strategy are as follows:

Our vision - The City of London Corporation benefits from the value added through our robust, innovative and responsible procurement activities.

Our aim - To maintain and improve all our procurement activity by utilising new technology, offering excellent customer service, supporting organisational culture shift and strengthening our internal and external relationships.

Our target outcomes

1. Commercialism is instilled throughout the organisation (where appropriate)
2. Sustainable cost assurance is guaranteed for the future.
3. A culture of maximising opportunity is adopted.
4. Our customer offerings and processes are advanced.
5. Organisational awareness and performance are improved.

Our service values *(these underpin everything we do)*

- a) Ensuring value for money
- b) Promoting responsible business
- c) Providing operational and customer service excellence
- d) Delivering assurance and risk management proportionally

Our draft Procurement Strategy on a page can be found at Appendix 1, that gives further information such as: What we've learned, our strategy priorities, our measures of success and targets and resources and other implications for consideration.

The Commercial Director is seeking Member feedback at this initiation phase to provide a steer before completing a draft of the full strategy, embarking on corporate consultation and returning to Committee(s) in July 2019 for final sign-off of the City Procurement Strategy 2019-2023. The proposed timetable can be found at paragraph 7 in the main report.

Recommendation

Members are asked to feedback on the draft City Procurement Strategy 2019-2023 emerging themes to provide the Commercial Director a steer and an opportunity to include initial feedback in the full draft strategy, prior to corporate consultation.

Background

1. City Procurement published the corporation's first procurement strategy in 2018, this paper outlines the emerging themes that our new second-generation procurement strategy of the period of 2019 to 2023 will be built upon.
2. City Procurement's 2015-2018 Strategy was developed to ensure the Corporation put in place the foundation stones to allow a best in class procurement service to be developed during the initial years of this new corporate function.
3. This new strategy builds upon the successful implementation of many of the aims and outcomes set in the first-generation strategy and targets outputs and priorities that will continue to develop the service, maintaining its service values and offering greater added value to the organisation.

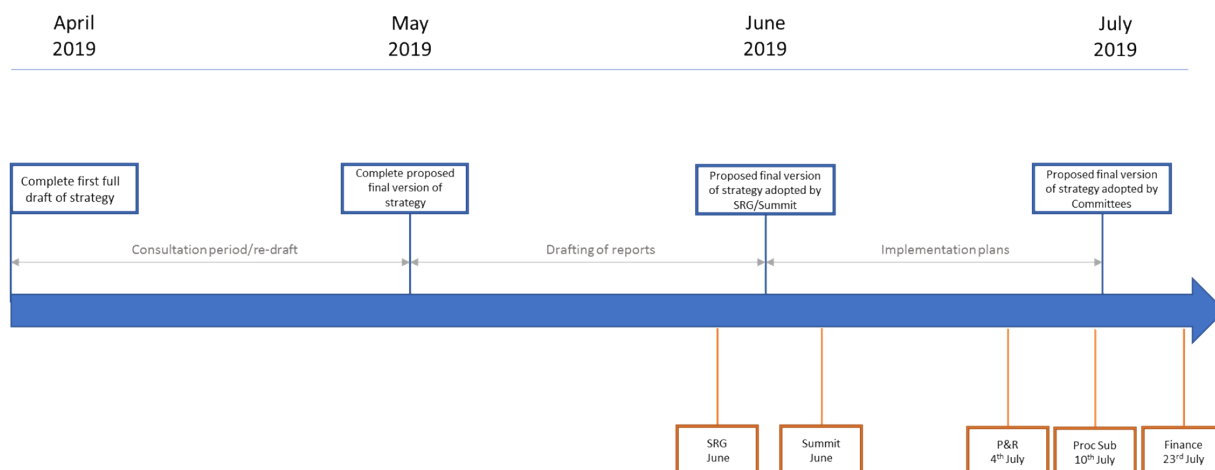
City Procurement Strategy 2019-2023 Emerging Themes

4. This report presents, at Appendix 1, the draft Procurement Strategy on a page.
5. The summary of the component parts of the new strategy are as follows:
 - i. **Our vision** - The City of London Corporation benefits from the value added through our robust, innovative and responsible procurement activities.
 - ii. **Our aim** - To maintain and improve all our procurement activity by utilising new technology, offering excellent customer service, supporting organisational culture shift and strengthening our internal and external relationships.
 - iii. **Our target outcomes**
 1. Commercialism is instilled throughout the organisation.
 2. Sustainable cost assurance is guaranteed for the future.
 3. A culture of maximising opportunity is adopted.
 4. Our customer offerings and processes are advanced.
 5. Organisational awareness and performance are improved.
 - iv. **Our service values** *(these underpin everything we do)*
 - a) Ensuring value for money
 - b) Promoting responsible business
 - c) Providing operational excellence
 - d) Delivering assurance and risk management proportionally

6. Further information such as: What we've learned, our strategy priorities, our measures of success and targets and resources and other implications for consideration can be found on the Procurement Strategy on a page.

Feedback request

7. The Commercial Director is seeking Member feedback at this initiation phase to provide a steer before completing a draft of the full strategy, embarking on corporate consultation and returning to Committee(s) in July 2019 for final sign-off of the City Procurement Strategy 2019-2023. The proposed timetable can be found below:



Corporate & Strategic Implications

8. As a corporate service, our activities support delivery across all outcomes in the Corporate Plan, although a mapping exercise in conjunction with the corporate strategy team has identified that our draft strategic outcomes directly impacts on Outcomes 5, 7, 8 and 9 of the Corporate Plan: Businesses are trusted and socially and environmentally responsible; We are a global hub for innovation in finance and professional services, commerce and culture; We have access to the skills and talent we need and We are digitally and physically well-connected and responsive.
9. The strategy will also outline how City Procurement will work to deliver within the new One Savings approach recently approved by Finance Committee and the forthcoming Fundamental review.

Conclusion

10. The report presents the emerging themes for the forthcoming City Procurement Strategy 2019-2022 and the draft Strategy on one page for initial feedback, prior to organisation wide consultation and a final draft strategy being present to Committee(s) in July 2019 for approval.

Appendices

- Appendix 1 – Draft City Procurement Strategy 2019-2023 one-page overview

Chris Bell

Commercial Director, Chamberlain's Department

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Procurement Strategy 2019-23



Draft one-page summary

Our vision

The City of London Corporation benefits from the value added through our robust, innovative and responsible procurement activities.

What we've learned

This strategy builds upon the success of its predecessor in creating the foundation stones of a high performing procurement service by focusing on customer, corporate and supplier needs in developing our people, stakeholders and services to maximise opportunity through procurement for the next 4 years and beyond.

Our aim

To maintain and improve all of our procurement activity by utilising new technology, offering excellent customer service, supporting organisational culture shift and strengthening our internal and external relationships.

Our outcomes

Commercialism is instilled throughout the organisation.

Links to CP Outcome 7

Sustainable cost assurance is guaranteed for the future.

Links to CP Outcome 5

A culture of maximising opportunity is adopted.

Links to CP Outcome 7

Our customer offerings and processes are advanced.

Links to CP Outcome 9

Organisational awareness and performance are improved.

Links to CP Outcome 8

Our priorities

To lead on maximising the commercial output of all our third party contracts by developing, training and recruiting greater commercialism corporately.

Enhancing existing contract performance and supplier relationships to provide assurance and develop a culture of continuous improvement.

Driving thought leadership, market intelligence and proactive collaboration to future proof the services procured.

Adopting simplification, automation and digital innovations to support more intuitive services.

Develop Learning and Development tools to benefit greater understanding corporately in all aspects of procurement and commercialism.

Our targets and measures of success

By 2023 we will have a strong sense of commercialism embedded throughout the organisation enabling positive financial decisions including ROI's.

During the next 4 years, improve our cost certainty, have clear mitigations in place to manage risks and develop partnership relationships delivering mutual benefits and lasting results.

On conclusion of the strategy, have greatly enhanced our strategic and commercial abilities, have robust market intelligence and spend analytics as standard and established collaborative buying channels.

By 2023, have a far enhanced self-service offering in place for all officers, streamlined and timely processes maximising automation and robotics and a range of digital innovations in place.

An organisation that has widespread knowledge of procurement processes, buying channels, acts in line with compliance that proactively collaborates to ensure opportunity is taken at all times.

Our service values

Ensuring value for money

Promoting responsible business

Providing operational and customer service excellence

Delivering assurance and risk management proportionally

Resource and other implications

This strategy will be delivered using existing resource available from within the Chamberlain's Department. There are links to both the proposed Digital Services Strategy and Customer Service Strategy which will help to drive the momentum needed to achieve the outcomes of this strategy and deliver the services and infrastructure required to successfully embed them within the organisation.

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Committee	Dated:
Procurement Sub (Finance) Committee	3 April 2019
Subject: City Procurement Risk Management – Quarterly Report	Public
Report of: Chamberlain	For Information
Report author: Lisa Moore, City Procurement, Chamberlain's	

Summary

This report has been produced to provide Procurement Sub Committee with an overview of the management of risks faced by City Procurement. Risk is reviewed regularly by the Senior Management Team within City Procurement as part of the ongoing management of the service.

The City Procurement team currently has one department-level risk and five service-level risks on its risk register. There are currently no RED risks. All AMBER and GREEN risks are summarised in the report below.

The Senior Management Team continues to monitor closely the progress being made to mitigate these risks.

Recommendation

Members are asked to note the report and the actions taken in the City Procurement team to monitor and manage risks arising from our operations.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Departmental risks from City Procurement are included in a quarterly report to Finance Committee.
2. This paper is a summary of all risks identified by City Procurement including service level risks that are not typically reported to Finance Committee as part of the required departmental risk report.
3. City Procurement's risk management is reviewed on a monthly basis at Senior Management Team (SMT) meetings. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within each section within City Procurement and updates on key issues from each of the Assistant Directors, ensuring that adequate consideration is given to each risk.
4. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly.

Summary of Risks

5. City Procurement currently has one department-level risk and five service-level risks on its risk register, attached as Appendix 1 to this report, assessed as 4 AMBER risks and 2 GREEN risks. There are currently no RED risks as the Brexit risk has recently been downgraded to AMBER. These are:

CHB CP001 – Brexit risk to City Corporation procurement and supply chains (Departmental Level - Current Risk: Amber)

6. City Procurement are liaising with key partners across the London Procurement Network and Home Office to create a consistent approach to assessing risk of key service categories, as well as key suppliers. A workshop was held in December with a consultancy organisation (Efficio Consulting), who produced an EU Exit Risk assessment report on our key categories of spend. This report was presented to Finance Committee in February 2019. An approach to key suppliers to request their mitigation plans in relation to Brexit will be conducted at the appropriate time [when we know more regarding Britain's exit date].

CHB CP005 – Impact on procurement resources (Current Risk: Amber)

7. An increase in unplanned procurements and the number of category A suppliers being managed coupled with key vacancies in the team is causing resource pressure on City Procurement. This risk is being managed despite continued new pressures on resource and a reduction in capacity due to vacancies. Of the four key vacancies, three are currently being advertised. City Procurement hope to be back to full resource capacity within six months.

CHB CP004 – City accelerate delays and impact on income levels (Current Risk: Amber)

8. Uptake of the City Accelerate programme has not been as projected. The 'Go Live' was delayed and there has been limited uptake by suppliers to the offering. City Procurement have agreed to revisit how the scheme is assessed at the time of tender to promote participation. The Commercial Contract Manager assigned to review the programmed recently received proposed changes to our standard procurement documents from our partner supplier and a meeting within City Procurement SMT will be arranged to review proposal during April 2019.

CHB CP003 – VAT loss through use of Purchase Cards (Current Risk: Amber)

9. City Procurement have long monitored VAT recovery as part of our duties administering purchase cards (P-cards). It is also part of each Chief Officer's quarterly P-card report of which results are reported to Procurement Sub Committee. A recent quarterly report showed an average of £64,000 worth of VAT being lost each quarter. City Procurement, along with Lloyds Bank (our P-card supplier), are reviewing potential to import data for Level 2 and Level 3 suppliers which would negate the need for a VAT receipt. SMT along with the Chairman of Procurement Sub-Committee to consider what additional communications should go to the organisation to further state expectations on card users.

CHB CP008 Duplicate Payments paid to our suppliers (Current Risk: Green)

10. While City Procurement feel they have a robust process in place to identify instances where, either through human error or system faults, the same invoice is being paid more than once, it has been 24 months since our last duplicate payment audit. In addition, the City Surveyor's department are keen to review the utilities payments. A specification is being drafted by the Head of Accounts Payable and a quote process will be completed in April to bring in a third party to complete the audit.

CHB CP002 – Failure to meet 10-day payment target (85% for SMEs) (Current Risk: Green)

11. Monthly reporting shows that our 10-day paid on time target for SMEs is not consistently being met. This topic was recently discussed a Procurement Sub Committee which approved changes to how we calculate that statistic changing it from being assessed by calendar days to business days. We achieved 92% in February but will continue to monitor our performance until we are consistently hitting our target over a full quarter.

Conclusion

12. Members are asked to note the actions taken to manage risks in relation to the operations of City Procurement.

Appendices

- Appendix 1 City Procurement Service Detailed Risk Register

Lisa Moore

Procurement Policy & Compliance Officer
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CHB CP City Procurement Detailed risk register EXCLUDING completed actions

Report Author: Lisa Moore
Generated on: 16 March 2019



Rows are sorted by Risk Score

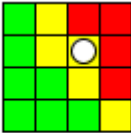
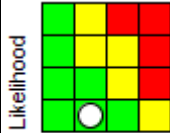
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
P008 CHB CP001 Brexit risk to City Corporation procurement and supply chains	<p>Cause: The UK leaving the EU (Brexit) with no trading deals in place.</p> <p>Event: The result of the Brexit negotiations could have a negative impact on the Corporation's supply chain, both with direct tier 1 suppliers and their sub-contractor network.</p> <p>Effect: Brexit could effect changes to our direct suppliers and their supply chain, impacting negatively on the Corporation. A range of potential impacts are:</p> <ul style="list-style-type: none"> • Regulatory / Legal requirements -existing supply contracts may be impacted by changes in regulation, or legal requirements. • Assurance of Supply - risk that a complete failure in supply of the goods / service (e.g. Carillion) from key suppliers could be felt. • Quality- quality of the goods / service impact due to changes in our Supply Chain. • Service- Service levels be impacted negatively by any changes in the Supply Chain or access to workers, particularly in low skilled categories. 	<p>Likelihood</p> <p>Impact</p>	12	<p>Crown Commercial Service issued a Procurement Policy Note on 7 March 2019 which was consistent with the advice given on 13 January 2019 by the Cabinet Office.</p> <p>1. No Deal Brexit - in this instance from midnight on 29 March 2019 the existing UK Public Contract Regulations will remain as is but references to EU will revert to UK with current thresholds retained. The main change will be the contract notices will be advertised on a UK only equivalent to EU's TED (Tenders Electronic Daily) service (eTending platform). The Cabinet Office confirmed that there is a fully tested and functioning portal ready to be launched and the key eTendering providers have already accredited to interface with this new portal</p>	<p>Likelihood</p> <p>Impact</p>	8	31-Mar-2019	

12-Nov-2018 Christopher Bell	<ul style="list-style-type: none"> • Financial risk -Are any supply changes likely to drive up costs of the Goods / Services/Works in the short/medium/long term. • Sustainability- risk that will change the level of innovation or sustainability of the goods / service/work against expectations? • Workload- Will changes in the Supply Chain cause significant workload to the Procurement/Commercial/Legal teams due to change controls/re-negotiation of terms? 			<p>including our eTendering provider Jaegger.</p> <p>2. Deal Secured - The regulations will stay as current and be phased to UK only legislation by 31 December 2020.</p> <p>3. Extension of Article 50 - The regulations will stay as current until details of a revised transition period are announced.</p> <p>The EU Exit risk assessment by category report developed in conjunction with Efficio Consulting has now been signed off by the Brexit Planning Group and went to Finance Committee 19/02/2019.</p> <p>An approach to key suppliers to request their mitigation plans in relation to Brexit will be conducted at the appropriate time [when we know what is happening on the 29th of March].</p> <p>Finally, the outcome of the Canary Wharf V European Medicines Agency (EMA); the EMA has lost its bid to cancel a lease on its office in London's Canary Wharf financial district due to Brexit, in a landmark ruling that lawyers said could stave off similar such claims by other tenants.</p> <p>13 Mar 2019</p>				Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP001a	Work with London Councils and London Procurement Network to assess key risks by spend category. Sharing information and findings to assist key risks to the Corporation.	City Procurement is receiving regular updates from the Cabinet Office and the London Procurement Network. Advice and actions are consistent with our approach to handling the supply chain risk at present.	Christopher Bell	13-Mar-2019	31-Mar-2019
CHB CP001d	Draft a communications plan based on the three likely Brexit scenarios - no deal, extended deal, and deal.	We are awaiting the latest vote on the deal held on 12 March 2019. Given the outcome and no resolution on what the Brexit impact is of yet, no communications to our key suppliers is planned.	Christopher Bell	13-Mar-2019	29-Mar-2019


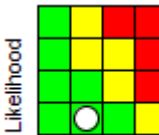

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP004a	Strategy for addressing different supplier spend is being drafted by partner supplier and will be presented to City Procurement management team.	City Procurement are still waiting on the supplier to finalise the supplier strategy. A promotional video was made with members of City Procurement, but the approval to release that video is being held until the supplier strategy is received.	Andrew Lenihan	06-Mar-2019	30-Apr-2019
CHB CP004b	City Procurement management team will conduct review of supplier spend strategy and come up with an action plan.	City Procurement are still waiting on the supplier to finalise the supplier strategy. A promotional video was made with members of City Procurement, but the approval to release that video is being held until the supplier strategy is received.	Andrew Lenihan	06-Mar-2019	30-May-2019
CHB CP004c	Improved monitoring of inclusion in the tender process to be implemented	<p>A reminder email has been sent to the category management team to include City Accelerate section for all tenders over £100,000.</p> <p>A section has been added to the Contract information on Capital which will allow us to monitor the uptake of this scheme. This will only be completed for new procurements.</p> <p>The Supplier Performance Officer will monitor the completion of the new section. The frequency of that review has yet to be decided.</p>	Andrew Lenihan	15-Mar-2019	31-Mar-2019
CHB CP004d	Update CoL standard documents to included weighting as part of the commercial envelope	Oxygen Finance have reviewed the current wording in the CoL standard documents and sent proposed changes back to us. A meeting with senior management to be arranged to review the proposed changes and approve update to the standard documents.	Rajiv Rathod	15-Mar-2019	30-Apr-2019

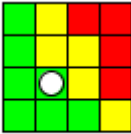
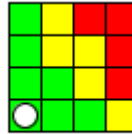

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB CP005 Impact on procurement resources	<p>Cause: Resource pressure on City Procurement</p> <p>Event: Increase in unplanned procurements and the number of category A suppliers being managed coupled with key vacancies in the team</p> <p>Effect: Reduced ability to strategically manage key procurements and the likelihood of short-term tactical solutions being favoured to ensure service continuity and compliance</p>	 <p>Likelihood</p> <p>Impact</p>	12	<p>Risk is being managed despite continued new pressures on resource and a reduction in capacity due to vacancies.</p> <p>Current Vacancies</p> <ul style="list-style-type: none"> • Senior Category Manager for Property and Construction • Commercial Contract Manager • Category Manager for Corporate Services • Accounts Payable Manager <p>In addition, the Assitant Director for Sourcing and Category Management has been on a leave of absence since 19 February 2019.</p> <p>Live recruitments are happening for CM, CCM, and the AP Manager.</p> <p>Recruitment for vacant Senior Category Manager for Property and Construction was not successful and the post will be frozen until the new financial year.</p> <p>Sourcing Plan information has been collected from the departments was reviewed by the Assistant Director of Sourcing and Category Management and Business Process and Reporting Manager. Category specific Sourcing Plans should circulate to category</p>	 <p>Likelihood</p> <p>Impact</p>	2	31-Dec-2019	↓

11-Dec-2018 Christopher Bell				boards in April. We hope to be back to a successful capacity in six months. 15 Mar 2019				Decreasing
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP005a	Annual Sourcing Plan being drafted by City Procurement with input from last year's sourcing plan, departments, contracts register, and waiver reports.	Category specific Sourcing Plans should circulate to category boards in April.	Mona Lewis	15-Mar-2019	31-May-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB CP003 VAT loss through use of Purchase Cards 11-Dec-2018 Andrew Lenihan	Cause: P-card users not uploading valid VAT receipts to transactions Event: Quarterly reporting shows an average of £64,000 worth of transactions potentially being lost each quarter Effect: City is losing out on a significant proportion of the VAT that we are entitled to reclaim and incorrect reporting to HMRC can incur penalties.	 Likelihood	6	There is the potential to import data into the City Card system for level 2 and level 3 suppliers which would negate the need for VAT receipt. Projects & Data Officer will complete a Merchant Mapping report for Lloyd's to give a preliminary view of what suppliers we could target and make use of electronic VAT data. 06 Mar 2019	 Likelihood	2	31-Mar-2020	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP003a	Update report of management responses from the Chief Officer's quarterly reports to Procurement Sub-Committee	Chief Officer's Q3 report has been sent to departments for comment. The deadline for responses is 15 April. City Procurement will take findings report to Procurement Sub Committee in May 2019.	Andrew Lenihan	15-Mar-2019	01-Apr-2019
CHB CP003b	VAT receipt Best Practice email to be sent out to all P-card users	Best practice email will be sent in April to remind P-card users of the importance of VAT receipts.	Andrew Lenihan	06-Mar-2019	30-Apr-2019
CHB CP004d	Review possibility of a data import in CityCard system to exemption level 2/3 suppliers negating need to upload VAT receipts.	There is the potential to import data into the City Card system for level 2 and level 3 suppliers which would negate the need for VAT receipt. Projects & Data Officer will complete a Merchant Mapping report for Lloyd's to give a preliminary view of what suppliers we could target and make use of electronic VAT data.	Andrew Lenihan	06-Mar-2019	31-May-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB CP008 Duplicate Payments paid to our suppliers 14-Jan-2019 Andrew Lenihan	Cause: Instances where the City pays the same invoice twice due to human input errors or system faults. Event: It's been 24 months since our last duplicate payment audit and City Surveyor's have asked us to consider it as they are keen to review utility payments. Effect: The risk that the City pays more than its contracted and budgeted amounts. In addition, there is resource implications due to the unplanned work to redeem credits from suppliers.	 Likelihood Impact	4	A specification is being drafted to appoint a third party to complete a one-off recovery audit. This will produce a report on the assurance of our procedures and recover any duplicate payments. We expect to complete a complete a quote process in April. 15 Mar 2019	 Likelihood Impact	1	31-Jul-2019	 Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP008a	Procure a third party supplier to review our payment history and identify possible duplicate payments.	The specification is being written to appoint a third party to complete the recovery audit. We expect to complete a complete a quote process in April.	Andrew Lenihan	06-Mar-2019	31-May-2019
CHB CP008b	Recovery audit completed by appointed third party supplier	Progress on this action will commence when third party supplier is appointed.	Andrew Lenihan	15-Mar-2019	30-Jun-2019
CHB CP008c	Recover credits identified as part of the recovery audit.	Progress on this action will commence once the recovery audit has been completed.	Andrew Lenihan	15-Mar-2019	31-Jul-2019

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