

## PROCUREMENT SUB-COMMITTEE

Wednesday, 7 November 2018

Minutes of the meeting of the Procurement Sub-Committee held at the Guildhall EC2 at 3.00 pm

### Present

#### Members:

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

#### Officers:

Adrian Moody	- Senior Category Manager
Mike Saunders	- Head of Asset Management
Jade Marjorum	- Category Manager
Alan Strambini	- Business & Project Reporting Manager
Chris Bell	- Commercial Director
Mark Vincent	- Projects & Data Manager
Steve Presland	- Transportation and Public Realm Director
James Carter	- Senior Category Manager
Lisa Moore	- Policy and Compliance Officer
Ola Obadara	- Projects Director

#### 1. APOLOGIES

Apologies were received from Clare James.

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

There were no declarations.

#### 3. MINUTES

The Minutes of the meeting of on 24<sup>th</sup> July 2018 were approved as an accurate record.

A Member suggested that a note of matters arising be provided at future meetings and the Chairman asked the Town Clerk to include a schedule of outstanding actions as a standing item on future agendas.

#### 4. PRESENTATION - PROCUREMENT SAVINGS AND EFFICIENCY PROCESS AND PERFORMANCE

The Sub Committee received a presentation from the Commercial Director outlining savings targets, target setting and what was in and out of scope.

The following points were made during the presentation:

- City Procurement were set an annual savings target each year based on contracts to be let during the financial year with potential for cost saving and also including on-going savings achieved in previous years through contracts running over multiple years.
- Procurement savings would be a competitive like for like saving through a procurement process driving it.
- New contracts would be reviewed by the relevant category board to set targets whilst taking into consideration historic spend, scope changes, complexity, risk and industry benchmarks.
- That not all City Procurement does would generate savings; there were occasions when compliance requirements would need to be met and this needed to be acknowledged.
- City Procurement works with department stakeholders to identify baseline target prices on a like for like basis compared to current services. Finance Committee has ultimate sign off and agrees the target.
- All contracts were tracked for savings and reported to Finance Committee quarterly.

A Member referred to his discussion with the Chairman of Finance and a suggestion that next year departments begin to pay for the service provided by the City Procurement Team and with any savings achieved going back into their departmental budget.

A Member, also Chairman of Finance, commented that he thought this approach would be fairer and offer a consistent method of financial management. It was thought offering departments an incentive would help towards delivering consistent improvement.

The Commercial Director clarified that discussions had already taken place at an officer governance level and that, with Member support on this issue, it could now be fast tracked through the decision-making process.

A Member referred to a point of principle being that where City Procurement have a target and fail to achieve it, or it goes out for more or over the base price, that this figure should come off the saving. The Member asked for clarification on this point and the Commercial Director confirmed that the figure would come off the saving.

**Resolved**, that the Commercial Director be heard.

## 5. CITY PROCUREMENT QUARTERLY PROGRESS REPORT

The Sub Committee received a report of the Chamberlain providing an update on the work of City Procurement, key performance indicators and areas of progress as at the end of September 2018.

A Member questioned whether there were any departments that required an increased level of focus based on the figures. The Commercial Director referred to league tables there were previously produced and confirmed that he

would be happy to provide these going forward to provide Members with comparable data. This would offer Members additional information and allow them to gain an understanding of those departments that might benefit from an additional level of attention.

A Member referred to payment performance and questioned why the targets were not being met. The Commercial Director explained that the target to pay all invoices within 30 days had been increased to 97% this year and it was suggested that key to achieving this target and the target of payment of all invoices to small and medium size enterprises within 10 days would be good receipting from departments. Members were assured that the City Procurement Team were working tirelessly looking at options to hit the targets. It was stressed to Members that the City Corporation was very high performing when compared to its peers.

The Commercial Director explained that the True PDF Project would provide part of the solution and that work was continuing with partners to develop this project, which was ready to go once the technology was in place. It was anticipated that workload within the team would reduce once the system was in place.

**6. ACTION PLAN TO IMPROVE 10-DAY PAYMENT PERFORMANCE**

The Sub-Committee received a report of the Chamberlain informing them of City Procurement's plan to improve 10-day payment performance of all invoices to small and medium size enterprises (SMEs).

The Chairman explained to Members that the origin of the 10-day payment target was shrouded in mystery. Members noted that discussions had taken place with the Chairman of Finance considering making the target working days rather than calendar days. Agreement was now being sought to this proposal and Members offered their endorsement.

**RESOLVED**, that the update and action plan be noted; it be agreed that the target of payment of invoices to SMEs be updated with immediate effect to be 10 working days going forward from November 2018.

**7. LIVING WAGE ACCREDITATION - POTENTIAL ENHANCEMENTS**

The Sub-Committee received a report of the Chamberlain updating on a proposed enhancements to the City Corporation's commitment to the London Living Wage.

The Commercial Director responded to a Member confirming the decision of Policy and Resources Committee to support enhancements to the London Living Wage with an uplift being introduced immediately in the next payable month.

**RESOLVED**, that the report be received, and the contents noted.

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

A Member referred to an issue raised at Project Sub Committee when it was highlighted that City Procurement were not able run a procurement process owing to a lack of staff. The Members stressed that City Procurement needed the right resources in place to support the organisation and the Commercial Director was asked whether he considered his team to be appropriately resourced.

The Commercial Director responded and explained that the issue raised at Project Sub Committee had highlighted difficulties encountered by his team when structured forward planning was not in place. This year had seen an emergence of a number of unplanned high-value politically sensitive construction projects requiring the services of City Procurement. This had resulted in the team experiencing pressure points and Members were assured that work was continuing with the Chamberlain to ensure the team had the right resources in place to support the organisation moving forward whilst having enough flex to resource projects.

The Commercial Director remarked that, were the City Corporation to continue delivering major new projects, resources within his team may need reviewing. It was agreed that staffing would be included as part of City Procurement's General Update report in future. The Commercial Director referred to the many projects his team were running at any one time without problems and stressed it was often only those not going well were seen.

The Commercial Director agreed to report back on a quarterly basis in relation to staffing.

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

There were no urgent items.

10. **EXCLUSION OF THE PUBLIC** – 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 the Schedule 12A of the Local Government Act.

<b>Item</b>	<b>Paragraph</b>
11	3
12	3
13	1
14	1
15	3
16	1-3
17	3

11. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting on 24<sup>th</sup> July were approved as an accurate record.

12. **PROJECT MANAGEMENT CONSULTANTS (FOR CONSTRUCTION) FRAMEWORK PROCUREMENT STAGE 1 STRATEGY REPORT**

The Sub Committee considered and agreed a report of the Chamberlain concerning the procurement strategy and evaluation criteria for the selection suppliers.

**13. WASTE COLLECTION, STREET CLEANSING AND ANCILLARY SERVICES - CONTRACT AWARD**

The Sub Committee considered and agreed a proposal concerning the award of a contract for the provision of waste collection, street cleaning and ancillary services.

**14. HOUSING RESPONSIVE REPAIRS, MAINTENANCE AND VOIDS SERVICE - PROCUREMENT STAGE 2 AWARD REPORT**

The Sub Committee considered and agreed a proposal concerning the award of contracts for the provision of housing responsiveness repairs, maintenance and voids service.

**15. REVISIONS TO THE COMPETITIVE PROCUREMENT EXEMPTIONS POLICY**

The Sub Committee considered and agreed a report of the Chamberlain proposing changes to the procurement exemptions policy.

**16. DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD REPORT**

The Sub Committee received a report of the Chamberlain providing an update in relation to Chief Officers Purchase card usage.

**17. SUMMARY REPORT ON NON-COMPLIANT WAIVERS OVER £50K FROM JULY 2018 - SEPTEMBER 2018**

The Sub Committee received a report of the Chamberlain providing an update on non-compliant waivers.

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

There were no non-public questions.

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

There were no items of urgent business.

**The meeting closed at 4.02pm**

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Chairman

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