

PROCUREMENT SUB (FINANCE) COMMITTEE

Wednesday, 3 April 2019

Minutes of the meeting of the Procurement Sub (Finance) Committee held at the Guildhall EC2 at 1.45 pm

Present

Members:

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

Officers:

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| John Cater | - Committee Clerk |
| Peter Kane | - Chamberlain |
| Christopher Bell | - Chamberlain's Department |
| Alistair Sutherland | - Assistant Commissioner, City of London Police |
| Leslie Ross | - Chamberlain's Department |
| Andrew Lenihan | - Chamberlain's Department |
| Lisa Moore | - Chamberlain's Department |
| Oliquir Chowdhury | - Chamberlain's Department |
| Matthew Jones | - Chamberlain's Department |
| Sharon Lokko | - Chamberlain's Department |

1. APOLOGIES

There were no apologies.

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

There were no declarations.

3. PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED – that the public minutes of the meeting held on 13th March 2019 be agreed as an accurate record.

4. PROCUREMENT SUB-COMMITTEE WORK PROGRAMME

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

RESOLVED – That the Report be noted.

5. PROCUREMENT STRATEGY 2019-2023 EMERGING THEMES

The Sub-Committee received a Report of the Chamberlain concerning the emerging themes that the new second-generation procurement strategy for the period 2019 – 2023 will be built upon.

A Member queried why officers were proposing a four-year period; the Commercial Director confirmed that this was so as to align with the City's Corporate Plan.

In response to a query about current performance and aspirations for the next period, the Commercial Director was of the view that the major contracts, on the whole, were working well. City Procurement were looking at ways to further strengthen management of contracts and their ability to more accurately measure performance over a contract's lifespan. Whilst the era of big savings on contracts was over, there remains ample opportunity to drive down costs by being a "smarter customer". The aim, ultimately, was continuous improvement.

A Member commended the Report but, pointing to the Draft one-page summary (page 11 in the agenda pack), asked that future iterations should go beyond aspirations and include more granular detail about how officers would measure performance.

After concerns were raised about the storage of contract documentation, the Commercial Director reassured Members that his team were taking a proactive approach to educating officers across the Corporation about best practice. Information management had been significantly enhanced over the last several years, so City Procurement were seeing fewer procurement contracts coming through unexpectedly, however, there remained occasions when officers would present contracts for renewal at short notice, which clearly, was sub-optimal. As soon as City Procurement were made aware of a contract, information was uploaded to a central database.

A Member reminded the Commercial Director that HR would need to be kept involved when developing automation tools.

A Member queried City Procurement's aim to promote responsible business. The Commercial Director responded that 10% of the quality evaluation in each procurement contract was dedicated to ensuring contractors were meeting their corporate responsibilities. The Corporation gave suppliers options about how they could meet these responsibilities, and this was reinforced by holding contractor days and keeping them involved in the Corporation's own CSR activities. The Commercial Director added that a Report would be coming in May concerning Responsible Procurement.

RESOLVED – that the Sub-Committee noted the Report.

6. **RISK MANAGEMENT QUARTERLY UPDATE - APRIL 2019**

Members are considering a Report of the Chamberlain concerning the risks faced by City Procurement.

Focussing on CHB CP005 (Impact on procurement resources) a Member identified three concerns;

- i) delays in repairs and works at investment and operational properties and the knock-on impact for income
- ii) schools have only a narrow time frame throughout the year to carry out works
- iii) the Police's performance in ensuring procurements are reaching City Procurement in a fully and timely manner.

In response, the Commercial Director assured Members that City Procurement were working closely with the Police to ensure procurement problems were kept to a minimum. The Schools were now performing better, but it was important to keep this monitored as the respective masterplans began to come to fruition over the next few years. He added that, so far, the team was coping with unplanned work, however, it was clear, at least in the medium term, that with the vacancies in the team, and the likely downstream increase in work due to the major projects the team's workload will be significantly expanded. Members proposed sending a resolution to the Capital Buildings Committee and Project Sub Committee emphasising the need for officers and Members to appreciate the full "overhead" cost of a new project, it was vital to recognise that the "downstream" costs could quite profoundly alter the initial budget forecasts. It was also important to keep in mind that it wasn't always cash that posed the challenge but a lack of skilled people.

Members again asked about the nature of "unplanned" procurements, officers responded that there had been six procurements in the last 10 months that had "come out of the blue". The Commercial Director reassured Members that this would be a diminishing problem as the cycle goes on as each procurement would be added to the Corporate Contract Register. Members emphasised that they were there to assist in putting pressure on those departments that were failing to keep City Procurement informed

In response to a query the Commercial Director confirmed that the team was currently running with four key vacancies, representing 20% of the senior team.

Separately, Members raised concerns about the VAT risk (CHB CP003); it was unacceptable that officers were still failing in their duties here. The Commercial Director responded that in mitigation, the number of offences had reduced in recent years. City Procurement would continue to take the institutional lead and encourage best practice, but ultimately it was down to line managers to take responsibility. There was no "silver bullet", as withdrawing P-Cards entirely and asking Procurement to take the manage the process would necessitate a material uplift in extra staff to manage the administration involved. Members suggested that if further in roads could not be made, the Sub-Committee should assume the authority to "call in" departmental heads to explain why their officers were not complying, with one potential consequence being the shortfall should be taken from the department's local risk budget.

RESOLVED – that the Sub-Committee noted the Report.

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no questions.
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There was no urgent business.
9. **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.
10. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – that the non-public minutes of the meeting held on 13th March 2019 be agreed as an accurate record.
11. **ACTION FRAUD - CONTRACT DISPUTE STRATEGY**
Members received a verbal update of the Chamberlain concerning Action and Know Fraud.
12. **BUSINESS TRAVEL & ACCOMMODATION - PROCUREMENT STAGE 1 STRATEGY**
The Sub-Committee considered a Report of the Chamberlain concerning the procurement strategy and evaluation criteria for the selection of a Travel Management Company for the provision of Business Travel Services for the City Corporation.
13. **LIFT MAINTENANCE SERVICES - PROCUREMENT STAGE 2 AWARD**
The Sub-Committee considered a Report of the Chamberlain concerning the lift maintenance services.
14. **CITY OF LONDON POLICE AND RAIL DELIVERY GROUP STAGE 2 CONTRACT AWARD**
The Sub-Committee considered a Report of the Commissioner of the City of London Police.
15. **CONTINUOUS DELIVERY ROADMAP OVERVIEW**
The Sub-Committee received a Report of the Chamberlain concerning an overview of City Procurement's Continuous Improvement Roadmap.
16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no non-public questions.
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other urgent non-public business.

The meeting closed at 3.00 pm

Chairman

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