

Committee:	Date:
Finance Committee	13 th January 2015
Subject:	Public
Business Support Division – Quarterly Update	
Report of:	For Information
The Chamberlain	
Summary	
<p>The report gives a brief outline of the current status of the Business Support Division, its workload and key progress over the last quarter.</p> <p>This report is an extension of the established regular report from City Procurement, incorporating key updates from the Division as a whole; City Revenues, Internal Audit and Payments and Support Services. The format of this report will be developed and enhanced over coming months, with a Business Support Division scorecard introduced for subsequent reports.</p> <p>Recommendation</p> <p>The Committee is recommended to note the report.</p>	

Oracle ERP Programme

1. Business Support Division is heavily involved in this programme as the Oracle Support Team are part of the programme delivery team and City Revenues and City Procurement are key business users. December 2014 and January 2015 include an intense programme of User Acceptance Testing which is a considerable draw on staff resources.

City Revenues - Launch

2. The Revenues Insourcing Project was delivered according to timescale with successful integration of colleagues from the former service provider.

City Procurement – Launch

3. Handover from Accenture to the City Corporation concluded on 30 September 2014 with a revised operational structure in place from this date. Recruitment to new posts has now been completed with new starters joining the team up until February 2015. Appendix 2 shows the current organisation chart.

City Procurement – Savings Delivery

4. Procurement savings of some £4.37m have been achieved this year to date although this is approximately £200k behind our start of year projections for the first eight months of the year. The deviation from expected performance is attributable to the increased workload resulting from delivery of over 100 additional, unanticipated, business as usual

sourcing projects. The team are confident that the annual savings target of £7.03m savings will, nonetheless, be achieved. Appendix 1 shows performance against target.

Current Position on Purchase Orders

5. Performance is monitored on a monthly basis, looking at the performance over the last three months. This takes account of the variations in volumes which some departments experience. As at the end of November, the overall performance was running at 67% compliance with the requirements to issue a purchase order at the time of requisitioning an item or service. This is down 3% since last reported.
6. A detailed breakdown by department is shown in Appendix 3 of this report. The volume of invoices has been included as just using a percentage can sometimes be misleading. It is easy for a department to be compliant when they only have a very few invoices under their control.
7. Most departments have shown improved compliance throughout the year although this has recently plateaued.
8. Despite the challenge to achieve payment targets against this backdrop, City Procurement has largely maintained target performance levels, shown as Appendix 4.

No PO No Pay update

9. Improving purchase order compliance requires changes in behaviour of both those placing orders and our suppliers. The No PO (Purchase Order) No pay Campaign commenced on 15th December 2014 and is expected to drive considerable improvement to compliance over the coming months, the internal communication to all staff as shown in Appendix 5. The following steps will be taken during the campaign in the lead up to 1st April 2015 when the policy will be enforced.
 - **No PO No PAY Regular Internal E-mails – FAQs will be included in the e-mail**
 - First e-mail from the Chamberlain launching the campaign
 - Second e-mail updating performance from Head of City Procurement
 - Third e-mail and any additional update e-mails sent from Head of Accounts Payable
 - **No PO No PAY External E-mails - FAQs will included in the e-mail**
 - IS Division have set up a new dedicated No PO No PAY email address
 - regular monthly emails will be sent to 10,399 live suppliers
 - **No PO No PAY Letters to Suppliers who we do not have an e-mail address**
 - Regular monthly letters will be sent to 2,000 live suppliers. Email details will be requested and updated as part of the campaign.
 - **Intranet Article**
 - Regular news stories posted on the intranet home page
 - Publish article and FAQs on City Buyer (City Procurement's internal web pages)

- **Internet Article**
 - Regular latest news articles to be posted on the City website
- **E Leader**
 - Focus on No PO No Pay, article and FAQs will be part of future editions
- **Screen Savers/Posters**
 - Awareness raising campaign using screensavers/posters

10. In the longer term, progress towards electronic billing will force compliance but this will not be fully functional until 2015/16.

Waivers

11. This part of the report sets out the quarterly update on the approval of waivers. The following tables set out a summary of the total number and value for waivers in the calendar year to date and the reasons for the waivers. Waivers under £50,000 require Chief Officer approval, with those above requiring the approval of the Chamberlain.

Table 1- Waivers under £50,000

2014	Number	Value (£)	Average Value(£)
Q1 (Jan – March)	220	1,177,534	5,352
Q2 (April – June)	138	828,861	6,006
Q3 (July – Sep)	192	2,041,959	10,635
Q4 (Oct – 12 th Dec)	458	3,913,080	8,544
Year to date	1055	8,414,092	7,975

Table 2 - Waivers over £50,000

2014	Number	Value (£)	Average Value(£)
Q1 (Jan – March)	0	0	0
Q2 (April – June)	3	277,000	92,333
Q3 (July – Sep)	5	643,510	128,702
Q4 (Oct – 12 th Dec)	1	167,894	167,894
Year to date	9	1,088,404	120,394

Table 3 – Analysis of reasons for waivers

	Q1	Q2	Q3	Q4	Total
Officer's Preferred Supplier	120	66	97	121	325
Single Source Supplier	84	44	66	214	517
Not Stated / Other	5	23	24	4	10
Outside Corporate Contract	9	5	3	15	34
Extension of Contract	2	0	2	104	169
Total	220	138	192	458	1055

12. The number of waivers is significantly higher in quarter 4 than it was in quarters 2 and 3. As this is the first calendar year that waivers have been monitored in this way trends will not be obvious until further data has been collected and analysed. Further engagement is planned to enhance City Procurement's ability to deliver business needs through improved category management.
13. There is also a requirement to report to this Committee the number of contract awards approved by the Chamberlain:

Table 4 – Contract Awards signed off by Chamberlain

Department / Contract Title	Value of Contract
<i>Culture, Heritage and Libraries</i>	
Tower Bridge Events Management	£1,811,088
<i>Economic Development</i>	
Ready to Supply the City	£280,000
<i>Chamberlains - Risk and Insurance</i>	
Insurance and Insurance Services for combined liability (Employers and Public Liability)	£759,714
Total	£2,850,802

Other key Activities

14. These include:
- Audit Plan delivery - Completion of the 2014/15 internal audit plan is at 44% which is as expected for this time of year. One interim senior auditor is now being retained until April 2015 to maintain the resources of the internal audit section close to a full level.
 - The Risk Management strategy has now been presented to most Service Committees, with two remaining Committees (City of London Freeman's School and City of London Girls School) to be briefed in February 2015.
 - The first round of training for super-users on the Covalent risk management information system has taken place. There is one further training session scheduled for 22 January 2015. The system is currently being configured for use by the City Corporation with roll-out planned to complete by the end of this financial year.
 - The pensions administration information system was implemented successfully in November, on time and within budget.
 - Pensions Administration and Payroll are working with colleagues in Corporate HR and Town Clerk's department to implement changes resulting from the Public Sector Pensions Reform and resulting legislation. Key areas of focus are changes to the Teachers and Police Pension Schemes and changes to the governance arrangements for all public sector schemes.

Conclusion

15. This report summarises the key activities of the Business Support Division in recent months, building on the existing regular performance report from City Procurement. The format and content of this update will be

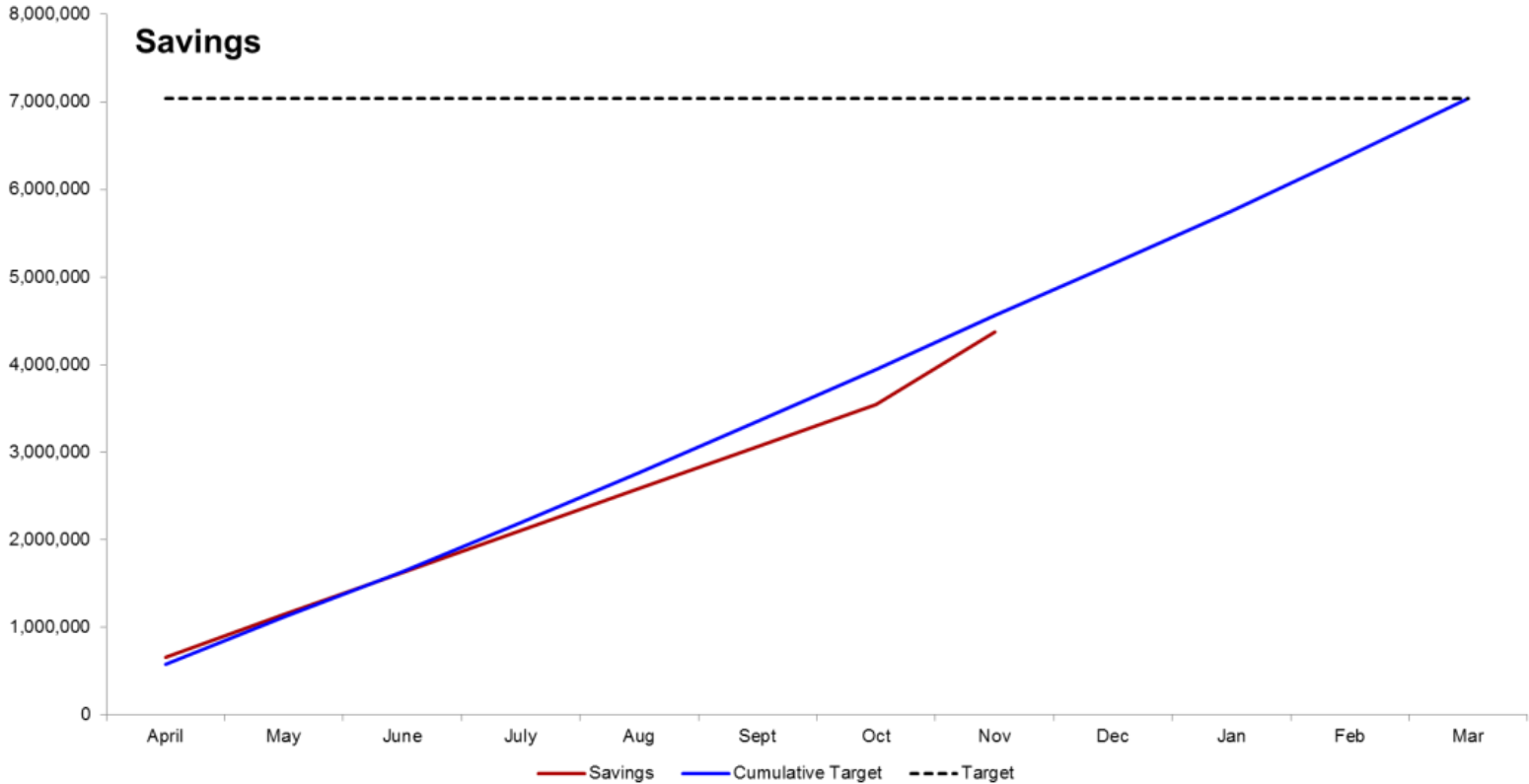
developed for subsequent reports as appropriate performance metrics are identified across the Division, to be captured in a balanced scorecard.

Matt Lock | Head of Payments and Support Services
Email: matt.lock@cityoflondon.gov.uk

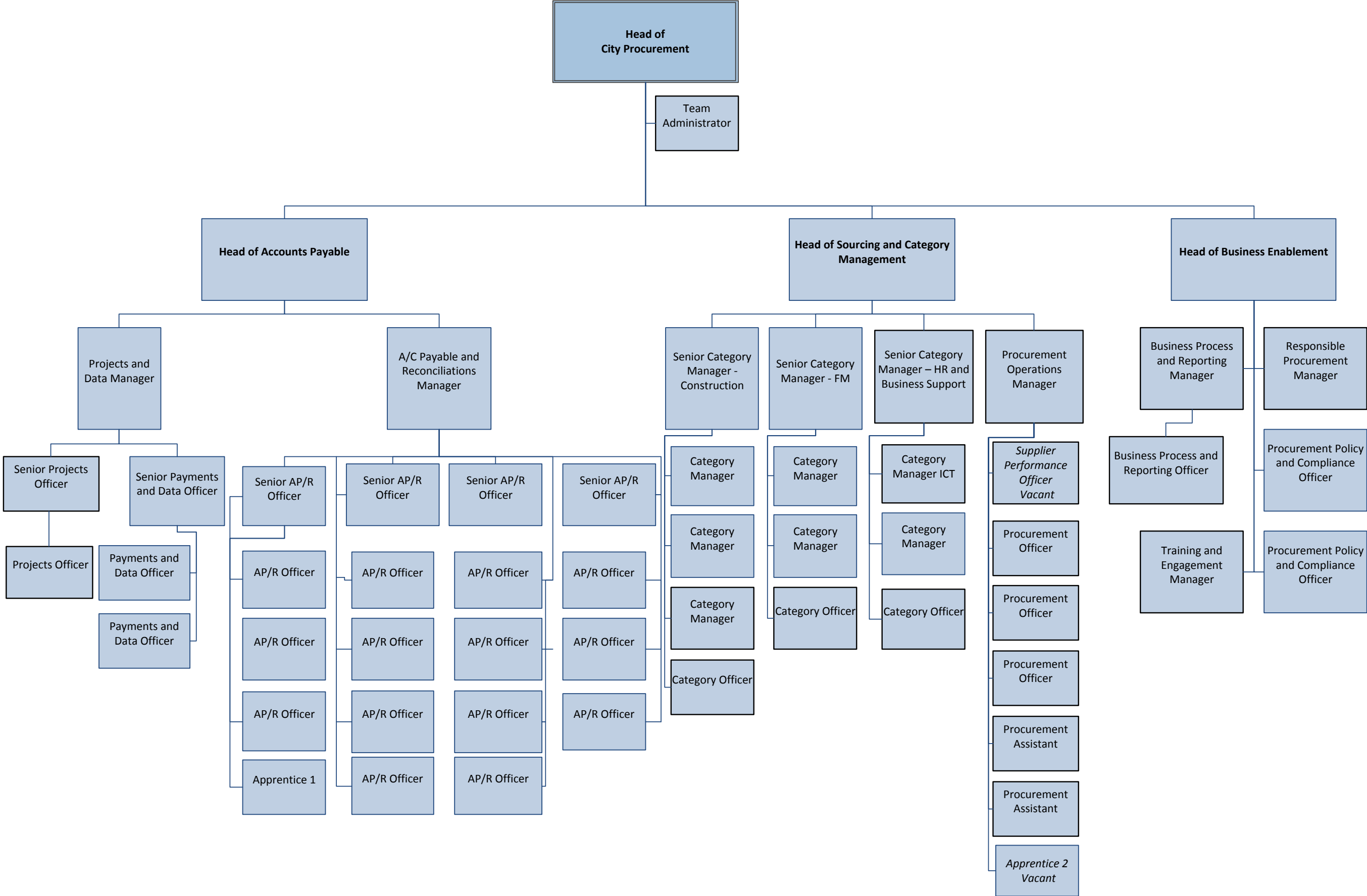
Appendix 1 – Procurement Savings

The 2014/15 savings target is **£7,036,286** and we have achieved **62%** of this target to date.

	April	May	June	July	Aug	Sept	Oct	Nov
Cumulative Target	573,507	1,114,033	1,635,053	2,196,516	2,770,391	3,350,444	3,946,157	4,564,826
Savings	£658,290	£1,142,848	£1,624,022	£2,105,197	£2,586,371	£3,067,545	£3,548,720	4,375,988



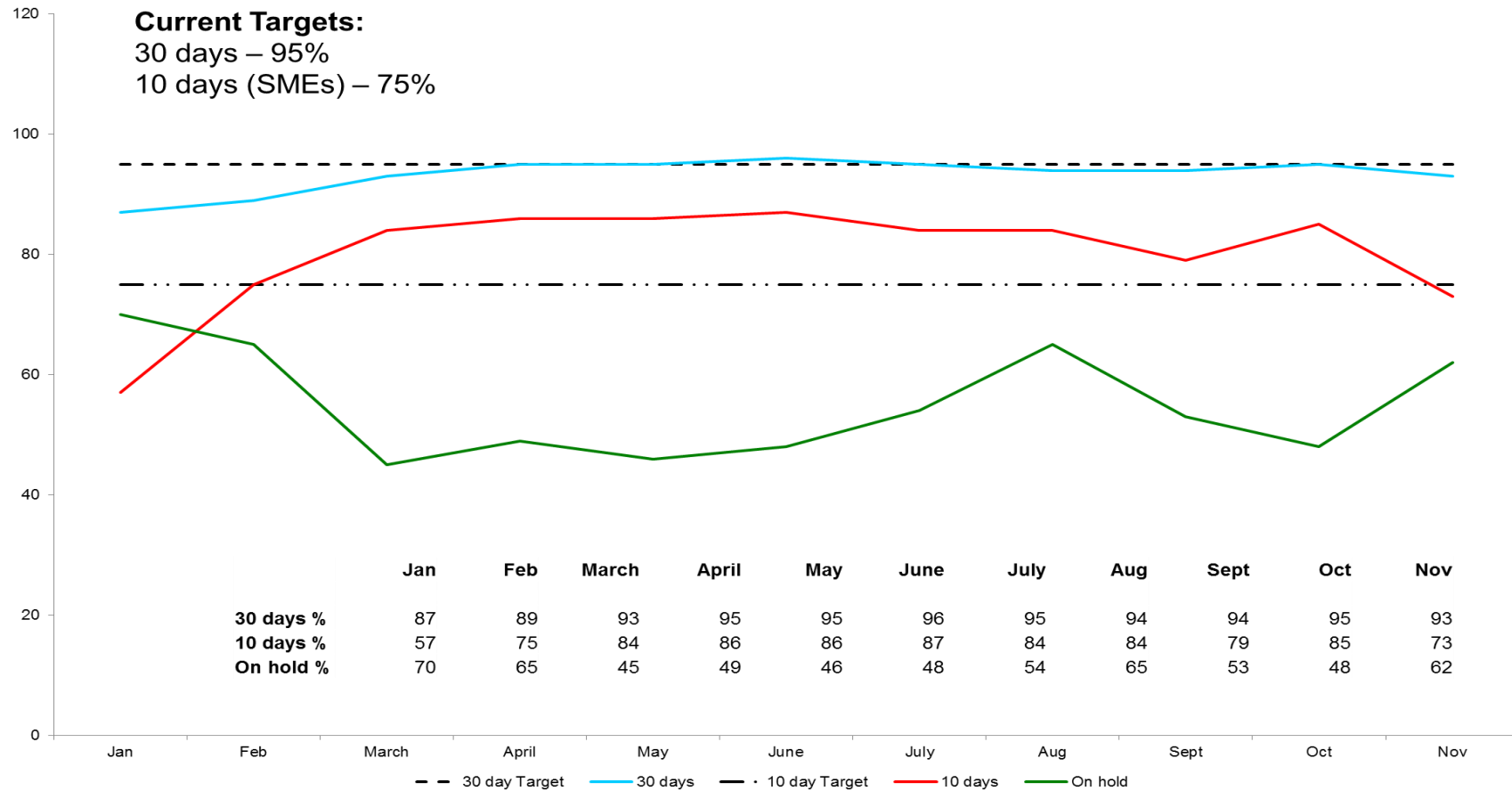
Appendix 2 – City Procurement Organisation chart as at 15th December 2014



Appendix 3 – Purchase Order Non Compliance Trend Report – September to November 2014

Trend Movement Chart by Department as at November 14									
Departments & Sub-Divisions (Data for November 14)	Baseline for invoices with no PO or PO raised retrospectively.	Previous Months total % for invoices with no PO or PO raised retrospectively based on 3 month rolling total	Current 3 month rolling Total for period September 14 to November 14					Non-compliant trend Previous 3 month total Vs current 3 month total(Column C) Vs (Column F)	
	Baseline of dept. non- compliance when reporting started in Oct 13	Rolling previous 3 month Total of non-compliant invoices - Aug 14 to Oct 14	No of Non-Compliant Transactions September	No of Non-Compliant Transactions October	No of Non-Compliant Transactions November (Raw Data Tab 3)	Total no of Non-compliant invoices Sep 14 to Nov 14	Total no of Invoices per Dept - Sep 14 to Nov 14 (Excluding exempt invoices)	Non-compliant invoices as a % Sept14 - Nov 14	Dept. Non-compliant trend
TCO (Town Clerks Occupational Health)	83%	0%	0	0	2	2	2	100%	▲
TCS (Town Clerks Printing & Stationery)	22%	2%	3	1	0	4	231	2%	◆
MSP (Spitalfields Market)	31%	7%	2	0	5	7	52	13%	▲
TCT (Town Clerks Central Training)	26%	9%	3	1	3	7	111	6%	▼
CCC (Central Criminal Court)	56%	14%	5	3	5	13	83	16%	▲
REM (Remembrancer's)	60%	17%	5	6	17	28	116	24%	▲
TCU (Town Clerks Economic Development)	22%	13%	8	4	3	15	115	13%	◆
CLF (Freemen's School)	36%	17%	44	14	48	106	531	20%	▲
SVY (City Surveyors)	24%	16%	117	45	66	228	1454	16%	◆
ENV (Built Environment)	31%	15%	53	27	54	134	792	17%	▲
TCP (Town Clerks Public Relations)	53%	22%	10	5	14	29	113	26%	▲
OSD (Open Spaces)	24%	20%	95	45	64	204	968	21%	▲
SOL (Comptroller & City Solicitors)	60%	19%	4	9	14	27	95	28%	▲
MCM (London Central Markets)	23%	37%	11	2	18	31	87	36%	▼
TCC (Town Clerks Security & Contingency Planning)	24%	25%	3	2	6	11	34	32%	▲
CSH (DCCS Housing)	34%	20%	43	23	40	106	430	25%	▲
TCK (Town Clerks)	45%	22%	24	13	23	60	244	25%	▲
CSB (DCCS Barbican Estate)	48%	36%	15	8	74	97	173	56%	▲
CHA (Chamberlains)	69%	21%	48	32	39	119	493	24%	▲
CSF (DCCS Families & Young People)	61%	26%	29	9	25	63	209	30%	▲
MBG (Billingsgate Market)	48%	29%	28	12	18	58	186	31%	▲
CSA (DCCS Adults Services)	45%	25%	52	25	41	118	461	26%	▲
POL (City of London Police)	38%	31%	193	73	151	417	1238	34%	▲
CLG (Girls School)	52%	35%	94	23	48	165	441	37%	▲
CHL (Culture, Heritage & Libraries) inc Libraries & Tower Bridge	46%	33%	121	71	76	268	783	34%	▲
CLS (Boys School)	48%	42%	79	50	77	206	438	47%	▲
MAN (Mansion House)	72%	53%	32	31	53	116	203	57%	▲
BBC (Barbican Centre)	59%	44%	385	287	375	1047	2183	48%	▲
GSM (Guildhall School of Music & Drama)	68%	55%	218	145	243	606	1044	58%	▲
TCB (Town Clerks City Bridge Trust)	64%	71%	12	6	8	26	37	70%	▼
MAH (Animal Health)	51%	NM	NM	NM	5	5	NM	NM	NM
MCO (Commercial)	44%	NM	NM	NM	5	5	NM	NM	NM
MDR (Markets Directorate)	33%	NM	NM	NM	0	0	NM	NM	NM
MPH (Port Health)	63%	NM	NM	NM	11	11	NM	NM	NM
MPP (Public Protection)	66%	NM	NM	NM	3	3	NM	NM	NM
MSE (Environmental Health)	58%	NM	NM	NM	2	2	NM	NM	NM
Grand Total	43%	29%	1786	992	1647	4425	13423	33%	▲

Performance Metrics - Accounts Payable



NO PO NO PAY ...is coming...

From 1st April 2015 The City of London will be implementing a No PO No PAY Policy in order to streamline the process for the payment of invoices allowing us to help you get what you need more quickly, ensure all our suppliers, including SMEs, are paid promptly and also help us to save money as part of the Service Based Review.

This means that if you order goods or services without providing the supplier with a valid PO (Purchase Order) delays in the payment of the Supplier's invoice will occur as any invoices received without a valid PO will not be processed and will be returned to the supplier unpaid. There are a small amount of exemptions from this policy (see FAQ's below for more details).



Raising POs will allow your department to practice improved financial management by ensuring all spend is allocated before a purchase is made so you know funds are available. It will also result in you spending less time checking and approving invoices and dealing with outstanding payments. Ensuring all POs are raised correctly and receipted when the goods or service are delivered will result in saving The City of London time and money by allowing us to process invoices with minimal manual intervention.

Although The City of London will not officially enforce No PO No PAY until 1st April 2015 we would encourage you to raise POs for any orders with immediate effect in order to make the transition to No PO No PAY as seamless as possible. All suppliers will also be contacted regularly in the run up to the 1st of April 2015 by the City Procurement and informed of the No PO No PAY Policy. This policy has the strong support of Members and we will be reporting progress on a regular basis to them.

If you or your team would like to receive training on the Purchase to Pay process The City Procurement team can provide the following:

- Drop in Sessions
- PO Training
- Departmental Working groups
- How to Guides

If you have any further questions regarding the No PO No PAY Policy please use this link to the internal FAQ's ([No PO No PAY Internal FAQs](#)). Alternatively you can contact a member of City Procurement with your query by phone or at cityproc.ap@cityoflondon.gov.uk and someone will get back to as soon as possible.