

Committee(s)	Dated:
Procurement Sub Committee Finance Committee	6 November 2020 10 November 2020
Subject: City Procurement Quarterly Progress Report (November 2020)	Public
Report of: The Chamberlain	For Information
Report author: Chris Bell, Commercial Director	

Summary

The report updates Members on the work of City Procurement, key performance indicators and areas of progress.

Performance for Q1 – Q2 of 2020/21 financial year is summarised below:

- Procurement savings at end of September 2020 of £3.3m, made up of £1.2m Commercial Contract Management savings and £2.1m Sourcing & Category Management savings.
- Purchase order compliance of 98% (target of 97%).
- 92% of all supplier invoices were paid within 30 days (target of 97%)
- 85% of SME invoices were paid within 10 working days (target of 88%).
- Non-compliant Waiver over £50k:
 - 5 Non-compliant waivers recorded for FY 20/21 so far.
 - A total of 3 Procurement Breach waivers have been recorded in FY 20/21 with a total value of £248k.

Recommendations

- Members are asked to note the report.

Main Report

Background

1. City Procurement has four main functions: Category Management/Sourcing, Commercial Contract Management, Accounts Payable, and Policy & Compliance. This report provides an update on the progress and current performance against the service KPIs set out in the Chamberlain's Business Plan in April 2020.

Efficiency and Savings

2. City Procurement is set an annual savings target at the start of each year based on the contracts to be let during the financial year that have the potential to make efficiency or cost savings and contracts let in previous years that are generating guaranteed savings in the current year. Each contract is reviewed by the relevant Category Board to set the targets and each contract target considers historic spend, scope changes, complexity, risk and industry benchmarks. The 2020/21 City Procurement savings target is £6.1m.

Electronic Invoices Received

8. Of all the invoices received from suppliers in Q1 – Q2 FY 20/21, 95% were in the desired True PDF format, exceeding our target of 75%.
9. All Accounts Payable staff continue to work from home due to the COVID-19 pandemic, so the necessity for invoices to be submitted electronically remains.

Non-compliant Waivers

10. Use of non-compliant waivers continues to be minimal. From July to September no additional Procurement Code Breaches were issued.
11. In total for FY 20/21 so far, we have recorded five non-compliant waivers (four have been approved/noted) as per the table breakdown below.

Waiver Reason	Total Number	Total Value (£)
Poor Operational Planning	2	175,000
Procurement Code Breach*	3	248,670
Grand Total	5	423,670

*One Procurement Code Breach report finalised in Q2 but going to committee in November 2020 (£65,261)

12. Of the five waivers, the three Procurement Code Breaches were issued in the previous financial year. The breach values will be noted in this financial year as the reports go to the relevant spend committee, but effectively no new breaches have occurred.

Freedom of Information (FOI) Requests

13. City Procurement has responded to 10 FOI requests between July and September 2020, amounting to 25 hours of officer time. Analysing the make-up of FOIs for this period gives the following categorisation:

Nature of FOI Query	Instances
Contract Specific	4
Policy queries	3
Understanding our expenditure	2
Seeking sales opportunities	1
Grand Total	10

14. City Procurement has responded to 18 FOI requests for Q1 – Q2 FY 2020/21, amounting to 43 hours of officer time.

Conclusion

15. City Procurement continues to achieve a high level of performance during an extremely challenging period. The savings target for FY 20/21 has now been set at £6.1m, with £3.3m being achieved at the halfway point. The payment performance figures are falling short of their respective targets, but a few adverse factors have been identified and further investigation will be carried out with the aim of introducing measures to counteract these. We continue to achieve high levels of PO compliance and we have seen a significant increase in True PDF invoices, which made up 95% of all invoices received in the first half of the year, well above the 75% target. Throughout this period, the impact of Covid-19 has created significant new additional work in terms of responding to the situation and new government policy notices.

Report Author

Chris Bell, Commercial Director, Chamberlain's Department

E: christopher.bell@cityoflondon.gov.uk

Appendix A – Payment Performance Comparison of London Boroughs FY 2019/20.

Inner/Outer London Borough	London Boroughs	FY 2019/20	Published on Website
Inner	<i>City of London</i>	93%	Yes
Inner	Camden		No
Inner	Greenwich	93%	Yes
Inner	Hackney		No
Inner	Hammersmith & Fulham		No
Inner	Islington	96%	Yes
Inner	Royal Borough of Kensington & Chelsea		No
Inner	Lambeth		No
Inner	Lewisham	82%	Yes
Inner	Southwark	62%	Yes
Inner	Tower Hamlets		No
Inner	Wandsworth	83%	Yes
Inner	Westminster		No
Outer	Barking & Dagenham	95%	Yes
Outer	Barnet		No
Outer	Bexley	92%	No
Outer	Brent		No
Outer	Bromley		No
Outer	Croydon		No
Outer	Ealing		No
Outer	Enfield	97%	Yes
Outer	Haringey		No
Outer	Harrow		No
Outer	Havering		No
Outer	Hillingdon	95%	Yes
Outer	Hounslow		No
Outer	Kingston Upon Thames		No
Outer	Merton		No
Outer	Newham		No
Outer	Redbridge		No
Outer	Richmond Upon Thames	77%	Yes
Outer	Sutton		No
Outer	Waltham Forest		No

Note – Where the percentage field is blank, unfortunately we were not able to retrieve this information from the relevant London Borough's website, however we have contacted the relevant London Boroughs requesting this information.

END